The World Agricultural Situation

1956

UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREWORD

The 1956 world agricultural situation as presented here deals with the supplies of food and other farm products which are available for consumption until the harvests of 1956-57 are gathered. It is not an inventory of supplies available as of January 1, 1956. The beginning date of the new year depends upon the commodity. Thus for wheat the year begins July 1, 1955 and ends June 30, 1956; for meat and milk the year begins on January 1, 1956 and ends on December 31, 1956.

The report summarizes supplies of crops already provided or still to be obtained in the early months of the 1956 calendar year, and livestock products produced in calendar year 1955. It also appraises production prospects for the year immediately ahead.

International trade in agricultural commodities is reviewed from the standpoint of its significance to United States shipments of export products. An attempt is made to indicate the probable course of United States exports in the year ahead. Economic conditions and government regulations affecting foreign trade in various countries are discussed because of their bearing upon United States exports.

The index of world food production based upon calorie content, formerly included, has been omitted from this year's issue. The index numbers quoted and depicted herein relate not only to food but also to other agricultural products, principally cotton and other fibers, and tobacco and are based on value. Weights used are constant prices of 1935-39.

Adjustment of quantities have been made for duplications such as the feeding of grain to livestock. Furthermore, the commodities used in preparing the world index are those which are produced in the United States for domestic consumption or export. In other words, commodities which are entirely or mostly imported into the United States such as coffee and jute, are not included. The regional indexes do include such commodities.

United States figures are those available when applicable world summaries were prepared and are not those appearing in subsequent crop production reports of the United States Department of Agriculture.

Issued January 1956

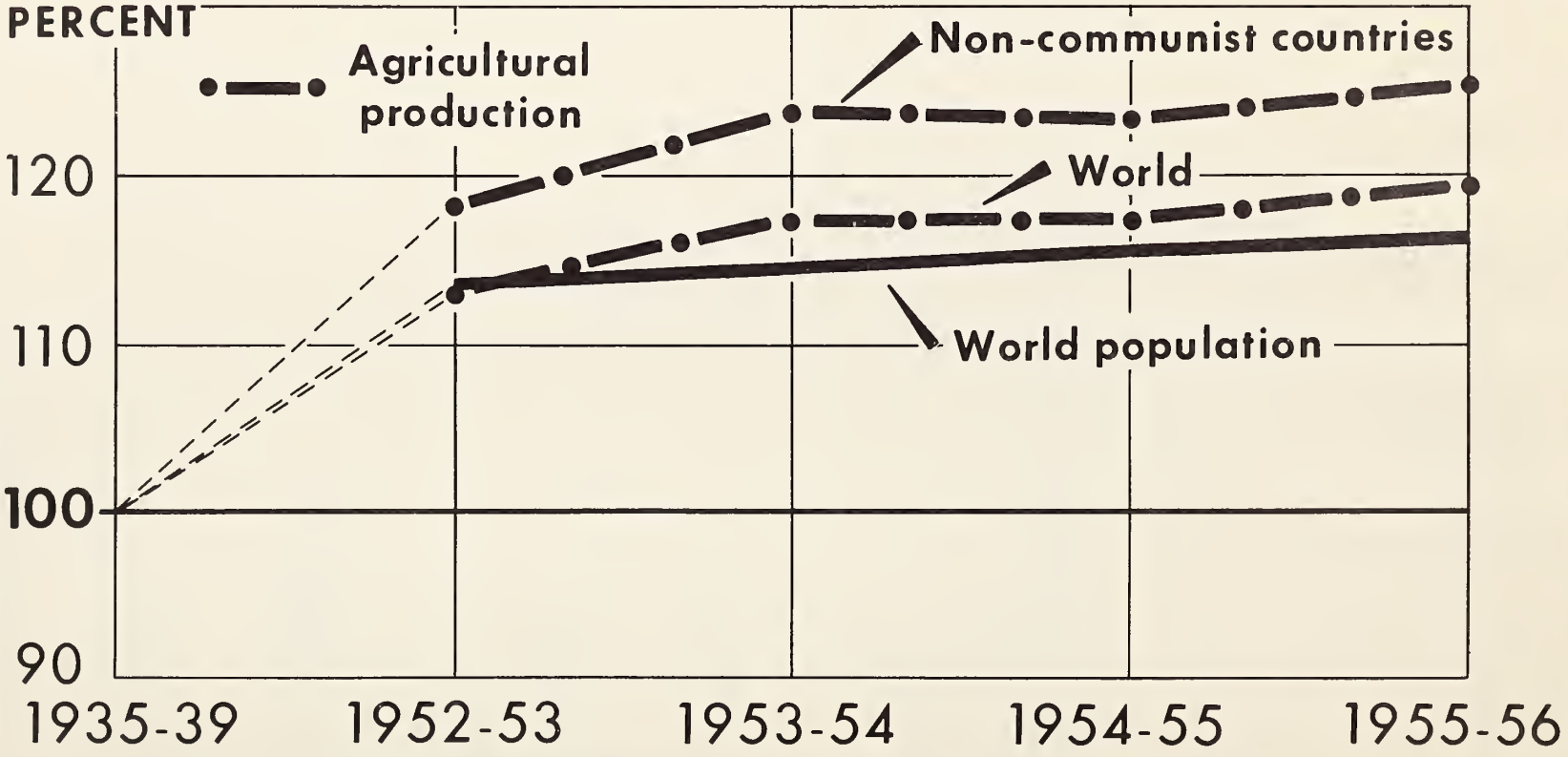
WORLD AGRICULTURAL SITUATION

Table of Contents

Approved by Outlook and Situation Board

WORLD AGRICULTURAL PRODUCTION INCREASING FASTER THAN POPULATION

Indexes of Agricultural Production at Constant Prices, 1935-39 = 100



ALL CALCULATIONS EXCLUDE RICE IN CHINA, NORTH KOREA, AND U. S. S. R.

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SUMMARY

The agricultural production year of 1955-56 is one of great abundance and surpasses all previous years in total output of agricultural products, according to a world-wide survey just completed by the Foreign Agricultural Service of the United States Department of Agriculture.

Overall production in every major geographical area exceeds 1954-55 and only a few commodities are less plentiful. Of the major commodities, milk output is down slightly and only potato production dropped substantially. The new index number of agricultural production, including both crops and livestock, stands at 119 percent of the prewar (1935-39) base as compared with 117 in 1954-55. For the third consecutive year the increase since prewar in agricultural production has exceeded the growth of population. World population in mid-1955 was 117 percent of prewar.

The course of crop production in the past few years has been set by a combination of good growing conditions and a multitude of economic factors which favored continuous expansion. These have culminated in ever-mounting surpluses of wheat and cotton, lesser surpluses of a number of other crops, and moderate surpluses of animal products, with prices of most commodities weakening from the levels of the immediate postwar years. Should there be very adverse growing seasons for the major crops in the next few years, the upward trend of production might be halted and the current surpluses reduced, but producers' reactions to prices and changes in Government programs seem more likely to be effective in bringing production into better balance with consumption.

A low level of agricultural output at the close of the World War II brought into universal focus the need to improve practices and extend the application of agricultural research in all parts of the world, including developed and under-developed areas, and exporting and importing countries. Expansion programs were undertaken which often were coupled with price incentives in one form or another.

Some programs stemming partly from nationalistic urges toward self-sufficiency were uneconomic in character, but the area of staple crops has been greatly expanded in countries which formerly imported a substantial volume of agricultural supplies. The various price support programs have stimulated expansion of area in foreign countries generally and domestically unless operated in conjunction with acreage controls or production quotas. Further, they have tended to mimimize contractions in production when supplies become large. Consequently, producers have not adjusted toward alternative and less intensive products. The various steps taken to enhance yields, including a very great increase in the use of fertilizer, the extension of mechanization, and the broader use of improved seeds and pesticides have all served to expand production.

Three of the last 4 growing seasons have been better than average. While crop production has been adversely affected by some quite widespread damage in each of these years, only in 1954-55 was the direction of crop outturn

World Production of Selected Agricultural Commodities, average 1935-39, annual 1952-53 to 1955-56

Commodity	Unit	Average 1935-39	1952-53	1953-54	1954-55	1955-56
			Millions			
Wheat	Bushels	6,085	7,420	7,390	6,945	7,300
Rye	Bushels	1,732	1,675	1,470	1,535	1,505
Rice, rough 1/	100 lbs.	2,203	2,579	2,769	2,613	2,702
Sugar, centrifugal	Short tons	28.5	36.2	40.4	40.5	41.1
Sugar, non-centrifugal	Short tons	5.5	6.0	6.2	6.8	6.7
Corn	Bushels	4,772	5,585	5,840	5,500	6,060
Oats 2/	Bushels	4,365	4,400	4,135	4,295	4,335
Barley	Bushels	2,362	2,735	2,810	2,820	2,830
Pulses 3/ 4/	100 lb. bags	179.3	176.4	211.2	220.4	211.6
Potatoes 3/	Bushels	8,366	7,735	8,183	8,441	7,836
Flaxseed	Bushels	133.5	122.4	123.7	130.7	139.0
Soybeans	Bushels	463.7	675.0	651.0	717.3	761.9
Peanuts	Short tons	9.6	10.7	11.6	11.5	12.1
Cottonseed	Short tons	15.3	16.9	18.5	18.5	19.4
Olive oil	Short tons	1.0	.8	1.3	1.0	.8
Lard	Short tons	3.5	4.2	4.0	4.0	4.2
Tallow and greases	Short tons	1.6	2.4	2.7	2.8	2.8
Fruits, deciduous 5/	Short tons	58.1	66.9	69.4	70.8	3/ 67.5
Fruits, citrus	Short tons	9.8	15.0	16.0	15.6	3/ 17.0
Meat	6/Pounds	7/ 68.0	77.5	80.8	83.0	85.0
Milk	6/Pounds	7/ 532	572	600	612	606
Eggs 2/	6/Number	89.7	127.6	130.2	134.9	136.2
Wool	Pounds	3,935	4,350	4,350	4,410	4,485
Cotton	Bales	31.7	35.8	39.1	38.4	39.8
Tobacco	Pounds	6,530	7,232	7,466	7,946	8,130
Palm oil	Short tons	1.1	1.3	1.3	1.4	1.4
Palm kernel oil	Short tons	.4	.4	.4	.5	.5
Coconut oil	Short tons	2.1	2.1	2.0	2.2	2.2
Sesame seed	Short tons	1.8	1.9	1.9	1.9	1.8
Castor beans	Short tons	.5	.5	.6	.6	.5
Sunflower seed	Short tons	2.8	4.2	4.2	4.1	4.0
Rapeseed	Short tons	4.2	5.8	5.2	5.3	5.5
Coffee 2/	60 kg. bags	9/ 41.6	41.4	42.4	41.3	46.5
Tea 2/8/	Pounds	9/1,079	1,281	1,276	1,425	N.A.
Cacao 2/	Pounds	1,581	1,651	1,603	1,745	1,784
Jute 2/	Pounds	3,422	4,692	2,691	3,402	4,723
Sisal 2/	Pounds	7/ 507	829	862	921	N.A.
Henequen 2/	Pounds	7/ 247	250	214	250	N.A.
Abaca 2/	Pounds	7/ 387	297	283	250	N.A.

1/ Excluding Communist China, North Korea, and the U.S.S.R. 2/ Not included in indices. 3/ Approximation for world based on information for a limited number of countries. 4/ Includes haricot beans, peas, lentils, garbanzos. 5/ Includes apples, pears, peaches, apricots, cherries, plumes, prunes, grapes, pineapples and dates. 6/ Billions, not millions. 7/ 1934-38. 8/ Excluding Communist China, Indochina and U.S.S.R. 9/ 1937-41.

reversed and in that year livestock output was sufficient to hold combined production to the preceding year's total. Notwithstanding restrictions by voluntary action, such as in the case of Cuban sugar and United States cotton and wheat, agricultural production has surged upward from about 80 percent in 1946-47 to the present level of 119.

While surpluses have developed in part from the high level of production, they have been accentuated by the lack of effective demand in deficit-producing countries coincident with or in addition to steps taken by those countries to develop domestic production or guard foreign exchange.

Free World Production. The recovery of world agricultural production since the outbreak of World War II, particularly since the end of the war, has been more rapid than appears likely to have taken place in Eastern Europe, the Soviet Union, and Mainland China. Such information as is available indicates that in those areas production is not greatly above prewar, while in the free world outside of Communist areas, agricultural production has made a substantial advance so that by 1955 the index has reached 125 percent of prewar (1935-39) average.

Prices. During 1955 prices of agricultural commodities have weakened generally but moderately. The continued high level of demand, associated with the high level of economic activity, has been an important factor in cushioning the decline in view of the very large supplies. The world-wide tendency of governments to protect the prices of domestically produced products has given further support.

Marketing Problems. A year ago the somewhat smaller crop production of 1954-55 permitted the partial liquidation, at least temporarily, of stocks which had been carried over from the larger crops of the 2 previous years. The record outturn of 1955-56 has more than replaced these depletions and new record supplies exist for many commodities. In large part the surplus supplies are of the same commodities and the locations of the surpluses are the same. Most of the programs which have been in affect for bringing production and consumption more closely into balance were extended into 1955 and probably will be continued, with modifications. There has been an extension of programs for reducing the areas devoted to surplus crops, though offset to a considerable degree by higher yields and expansion in newer areas. Exports have been encouraged in various ways on a broader scale with cuts in prices and export taxes, and grants of subsidies. Inelasticity of demand for many agricultural products and the limited effective demand in deficit areas have held down the freer movement of agricultural commodities in world trade.

The countries which normally import large quantities of food and other agricultural products are continuing programs to expand their agricultural output for reasons of self-sufficiency or conservation of foreign exchange though there have been notable relaxations of the latter. It seems probable that additional restrictions will be removed in the years ahead and trade expanded between surplus and deficit areas. It is also probable that the moderate lowering of absolute or relative world prices will work toward voluntary contraction of production of surplus commodities in favor of alternative products.

Indices of World Population and Agricultural Production, Average 1935-39, Annual 1952-53 to 1955-56

	Average 1935-39	1952-53	1953-54	1954-55	1955-56
World Population	100	114	115	116	117
Agricultural Production: World	100	113	117	117	119
Agricultural Production: non-communist areas	100	118	124	123	125

Agricultural Production volume weighted by Constant 1935-39 Average Weights

World Trade in Agricultural Commodities. In recent years, world trade in agricultural commodities commercially produced in the United States has been gradually increasing. The increase since 1948 is accounted for by enlarged exports of foreign countries with the United States exports about the same in 1954 as in 1948. Increased exports by foreign countries has been a consequence of recovery in production following the war. Customers abroad are no longer so dependent on the United States as they were several years ago. In the last 2 years, however, the United States has maintained its proportionate position despite further increases in production abroad. The principal factors sustaining United States agricultural trade are the favorable economic situation in foreign markets and the governmental programs to stimulate exports.

Financial Improvement. The total gold and dollar holdings of foreign countries continued to increase in 1955 and more than offset the net balance-of-payments effect of the deficit of foreign countries in their commercial trade with the United States. Contributing to this net increase was newly mined gold moving into official channels, United States defense and economic aid expenditures abroad and private United States investments in foreign countries.

Within the framework of overall financial improvement abroad, however, there were considerable differences between countries and areas. The reserves of a number of the continental European countries - Belgium, the Federal Republic of Germany, France and Italy - and of Japan, Venezuela and Mexico achieved substantial increases. On the other hand, the gold and dollar reserves of the United Kingdom declined. Even though corrective monetary and fiscal measures were taken by that country, the prospects for an early restoration of full sterling convertibility have declined. The continental European countries have made it clear that they would return to convertibility only in concert with the United Kingdom.

Trade Liberalization. Competition with United States agricultural products in foreign markets was heightened by a number of exchange rate changes in agricultural exporting countries to promote their exports of agricultural commodities, but important progress was made in the liberalization by European countries of

imports of agricultural and other products from dollar sources. Discrimination against the dollar area has been reduced in varying degrees for most products exported from the United States and Canada.

However, substantial restrictions are still in effect on dollar exports and it appears that many of these could be relaxed without endangering the balance-of-payments positions of the respective countries. The relaxing of restrictions which has taken place is paving the road to economic adjustments in output which encourage a better balance between world production and distribution.

Regional Summary

The year 1955-56 was one of those in which crop and livestock production were favored in all major areas of the world. North American output, which fell off in the preceding year, made a substantial advance. Western Europe, Africa, and the Far East continued moderate upward trends in production. The Middle East regained some of the advance lost in 1954-55.

It appears that Latin America will increase agricultural output following a year when no increase took place. In Oceania prospects at the beginning of 1956 point to greater outturn from crops. Overall production in Eastern Europe and the USSR probably was slightly higher than in the preceding year. China, for which data are not fully available, probably fared better than in 1954, when the rice crop was short.

In the United States a 5 percent increase in crop production on a restricted acreage and a more moderate increase in livestock outturn sent the all-commodity index upward 4 points to a new high record of 112 percent of the 1947-49 average. Average weather in 1956 would tend to maintain the recent level of crop production and stocks of feed are sufficient to support continued high livestock outturn. Canadian production, greatly cut back by the very short wheat crop in 1954, was about equal to 1953, but below the record year of 1952. Wheat stocks are near record and an aggressive export program is in effect.

Rising consumer income and growing population in these countries maintained the strong demand for agricultural products in 1955. This is expected to continue strong in 1956. Exports from the United States in 1955 increased 12 percent in volume and 7 percent in value over the preceding year.

Agricultural production in Western Europe was slightly above the preceding year with overall crop outturn somewhat less, because of the smaller potato crop, but with a larger livestock output. The index of agricultural production was 127 percent of the prewar base. The wheat crop was somewhat larger and was of better quality. The citrus crop will be increased since trees have recovered from the 1954 spring freeze. Further increases in livestock products are probable in 1956.

Economic conditions developed favorably in 1955 and no significant change is expected in 1956. Additional liberalization measures were taken during the year, but it is doubtful if as much progress will be made in the year ahead. Less wheat and cotton, but more feed grains, vegetable oils and oilseeds, fruits, and tobacco will be imported in the coming year.

Such information as is available for Eastern Europe indicates increases in grain production, expecially in the Danube Basin and in Poland. A good sugar beet crop was harvested but the potato crop was below that of recent years. Livestock outturn improved, but during 1956 may be curtailed by the marked reduction in potatoes, an important feed crop in this area. Imports of grains, fats and oil will remain high.

In the Soviet Union the greatly expanded grain acreage resulted only in a modest increase in production. Livestock outturn also increased slightly.

The Middle East, led by larger grain and cotton crops in Turkey and Iran, made a substantial recovery from the lowered level of 1954-55. On the other hand, Syria and Jordan had much smaller crops and will need significant imports of grain. Increased crops of pulses, sugar, tobacco, and citrus fruits more than offset smaller nut and deciduous fruit outturn. The index of production of 142 is second highest to North America in terms of prewar.

Economic conditions have improved in some countries, worsened in others. As a whole, the area will need to import about 400,000 tons of wheat, somewhat more than in 1955. Barley and rice exports probably will be larger, while fewer nuts and dates will move into international trade.

The Far East (excluding China) continued to expand production of crops and has made a decided recovery from the very low level of the postwar years. Rice, wheat and cotton production are materially above prewar, but overall per capita outturn still lags because of the rapidly growing population.

Economic progress has been substantial, particularly in India. Industrial production has shown a steady upward trend. Pakistan has had severe foreign exchange problems. However, industrial production has increased substantially and output of cotton cloth has more than trebled from 1949 to 1954. Agricultural import requirements of South Asia are decreasing and exports of cotton are increasing.

Stocks of old rice were materially reduced during 1955 in Southeast Asia, but larger supplies will be available for export from the current crop.

The countries of Southeast Asia are faced with balance-of-payment difficulties and exercise controls over imports of all kinds. Imports into this area from the United States have never been large.

Agricultural output in Northeast Asia was well above the preceding year; in Japan it was an all-time high record. Nevertheless, the area will be a substantial net importer in 1956, though the United States share probably will decline. Industrial production in Japan also set a new record in 1955.

Latin American output as a whole for 1955-56 (including crops not harvested by January 1956) may exceed prewar by as much as 40 percent; considering the lower level of agricultural production in Argentina, the balance of the area has made material progress since the war. Coffee production has been low for several years but is expected to be much higher in 1956. Sugar and cotton have been expanded greatly in this area.

The reduced rate of economic activity in some countries has lowered demand for domestic and imported goods. Exports of agricultural commodities from the United States to Latin America in 1955-56 probably will be 6 percent less than in the preceding year; on the other hand, imports into the United States are expected to be fully as high.

In Western, Central, and Southern Africa agricultural production of crops used for domestic food supplies and for export has continued to expand. Coffee exports have more than doubled since prewar. Because of greatly expanded income from minerals and other exports, demand for imported agricultural commodities has been excellent and should continue. Much of these goods come from British Commonwealth areas because of preferences and common currency.

Crop prospects in Oceania for 1955-56 were promising as the harvest began. Australia will have a large wheat crop. Sheep and wool production are expanding slowly even though wool prices are much lower than two years ago. Declining income from wool and other export products and the high level of imports has worsened the Australian foreign exchange situation. The resulting restrictions on imports are expected to continue in 1956.

Commodity Summary

The crop year 1955-56 was an excellent production year for grains. The largest corn and barley crops were nearly matched by second largest outturns of wheat and rice. Rye and oats were not far behind. Following on several other years of large outturns, supplies of grains are extremely large and pressing upon facilities for storing them. Rice stocks in the United States exceed those in any other country, but world supplies are about 5 percent less than a year earlier.

Grain prices remained fairly stable during the first half of 1954-55 but declined during the second half

World exports of wheat in 1955-56 probably will be close to the 950 million bushels exported in the preceding season. The United States probably will export close to the preceding year's total of 270 million bushels. It is not expected that world rice exports will be any larger than in 1954-55, when they were much below prewar. On the other hand, exports of coarse grains are expected to be somewhat above the 14 million tons shipped in 1954-55. The United States is expected to move substantially more than the 4.6 million ton exports of the previous year.

World production of cotton rose to a new record in 1955-56, as foreign acreage was further expanded and record yields in the United States more than offset the substantial decrease in acreage harvested. Added to the large stocks from previous years, the large crop has resulted in record supplies,

of which the United States has much more than its proportionate share. A downward movement in prices and uncertainty as to its extent brought about shrinking inventories and lower consumption of raw cotton in importing countries. World exports of 12.2 million bales in the cotton year 1954-55 were 850,000 bales less than in the preceding year.

Overall exports are expected to be at least as high in 1955-56, but United States exports likely will be less. Even with record consumption, stocks are expected to increase as much as 3.5 million bales. Prospects for 1956-57 are for lower production, not only in the United States but elsewhere as well, as acreage is reduced in several countries. But production will still exceed disappearance.

The tobacco crop of 1955 was larger by 2 percent with the increase in flue-cured leading the way. Consumers' preference for cigarettes continued the strong demand for light tobaccos, but demand for some other types is decreasing and stocks are mounting. Overall North American production was equal to the earlier years, the big increase coming in Asia. Foreign trade in light cigarette tobaccos also has increased while that of other kinds has declined. While the United States share of foreign trade decreased in 1954, preliminary trade data for 1955 show recovery on the part of the United States and an increase in world total exports.

World production of fats and oils in 1955 was just a little larger than in 1954 and world supplies are about equal since stocks have been largely liquidated in the past several years. There is more cottonseed, peanut and soybean oil and much less olive oil. Lard and tallow is more plentiful and butter less so. Exports are expected to continue large - close to the level of 1955 when 7.2 million tons (oil content), equivalent to one-fourth of the world production, moved in international trade. The United States is expected to retain its share of this export market.

World sugar production continues to increase in spite of voluntary restrictions of crop output in important areas. The increase has come from expanded production in Eastern Europe, Soviet Russia, and Asia. Prices have remained low and international trade has been largely within trading arrangements of long standing. A few "windfall" trades took place and similar market activity may take place in 1956.

Potato production fell off considerably in Europe, the principal area of production, and fewer potatoes will be available there for livestock feed. The decline was most pronounced in Eastern Europe and the USSR and will practically offset larger wheat and rye crops there. North American production was well above normal requirements.

World production of beans and other pulses was 4 percent less than in 1954. The European pea crop was larger and the Brazilian bean crop materially lower. The lentil and garbanzo (chick pea) outturns also were less plentiful. Exports of beans from the United States probably will be above average because of smaller crops in Africa, retarded plantings in Chile and advancing prices in importing countries.

Deciduous fruit production was the lowest in many years. A good demand exists in Europe, but United States supplies are short. On the other hand,

citrus production resumed the upward trend of recent years, following a setback in 1954-55 due to a freeze in the Mediterranean producing areas. In view of the large Mediterranean crop in 1955-56, the European market for United States oranges will be restricted during the winter months; but it will be more favorable in the late spring and summer. The foreign pack of raisins is short and demand abroad for United States crop appears strong. On the other hand, the large foreign prune crop and strong United States prices will limit exports.

Livestock numbers have been increasing for a number of years and meat output is at record heights. The increase from prewar had been most pronounced in North America, where output is three-fifths greater. Beef, veal, mutton, and lamb production have climbed steadily and pork more erratically. Foreign trade in meat has expanded to more than 5 billion pounds from a prewar shipment of 4.5 billion. Both production and foreign trade are expected to continue at high levels in 1956.

Milk production in 1955 decreased 1 percent from the preceding year, the first setback in a number of years. Butter and factory cheese output also was below 1954. The upward trend of milk production is expected to be resumed in 1956. Prices of dairy products were much firmer at the beginning of 1956 than a year earlier. Foreign trade in dairy products has fallen off slightly with less butter and cheese, and more dried milk. Egg production has been increasing in the principal countries of the world and world trade is increasing but prices have been lower.

Production of coffee in 1955-56 made a strong recovery from the crop of 1954-55, which had been reduced by a freeze in parts of Brazil. Nearly every coffee-producing country participated in the increase, however, and further expansion is expected from newly planted groves, notwithstanding a further freeze in 1955 which will materially reduce production in the State of Parana, Brazil. Prices strengthened and stabilized during the second half of 1955 despite larger production prospects. Exports in 1956 probably will exceed those of 1955. Tea production has increased steadily in recent years.

Cacao production has lagged behind population increases because of disease damage to plants. The 1955-56 crop of 1.8 billion pounds was 13 percent above prewar and the producing industry is faced with grave production problems. International trade follows production trends, since most of the crop is exported.

World sheep numbers have continued to increase and fleece outturn is increasing. The 1955 wool production of 4.485 million pounds was the largest ever produced and further increases are likely. World per capita production is somewhat below prewar, and world consumption is in reasonable balance with production. Production of hides and skins has increased with gains in cattle slaughter. Exports from the United States have attained importance in international trade.

World production of jute in 1955-56 of 4.7 billion pounds was close to the prewar output, following a very cutailed outturn in the preceding year. Sisal production of 920 million pounds was three-fourths larger; the henequen crop of 250 million was equal to prewar; and abaca production was only two-thirds as large.

SITUATION BY COUNTRIES

UNITED STATES 1/

Agricultural production in the United States continued to increase in 1955, rising 4 percent above 1954 and 12 percent above the 1947-49 average, to a new record. Output of livestock and livestock products rose for the seventh consecutive year while crop production increased over 5 percent above 1954 and nearly equalled the 1948 peak. In addition to the large production record quantities of many products were carried over from past years.

With consumer income rising and the population growing, demand for food, fiber and tobacco continued strong in 1955 and is expected to remain strong in 1956. Domestic utilization of most products was high in 1955. Exports in the 1954-55 fiscal year rose 12 percent in volume and 7 percent in value over the previous year but remained well below the 1951-52 peak. Nevertheless, production of many products continued to exceed utilization and stocks rose further, though in most cases the increases were less than in other recent years.

The 355 million acres on which crops were planted or grown in 1955 was about average but abandonment was unusually heavy and the harvested acreage of principal crops was the smallest in 15 years. However, yields averaged the highest on record, exceeding the previous peak in 1948 by 8 percent. Although the weather was generally favorable for crop production in 1955, other factors also contributed to the high yields. These included increased use of fertilizer, expansion of irrigated acreages, improved control of plant insects and diseases and the use of modern power equipment which permitted farmers to get field work done at the proper time.

Feed grain production in 1955 was unusually large, with the 130 million ton total second only to the 1948 record. In addition, record quantities of each of the 4 feed grains was carried over from previous years. Food grain production at 32 million tons was the smallest since 1943, reflecting reduced acreage in wheat and rice due to marketing quotas and acreage allotments. However, total supplies of both commodities for the 1955-56 marketing year were at record levels because of the large carryovers.

Oilseed production reached a new high of 19.1 million tons in 1955. The 371-million-bushel soybean crop was a record, and cottonseed and flaxseed output was above average. Supplies of food fats for 1955-56 will be about the same as a year earlier with increased production offsetting reduced stocks. Supplies of inedible tallow and greases are expected to be larger.

The total supply of cotton in the 1955-56 season is estimated at a record 25.7 million bales. The crop of 14.5 million running bales was 900,000 bales more than 1954 crop. The 16.9 million acres harvested was 2.4 million less than in 1954, reflecting marketing quotas and acreage allotments, but yields set a new record for the third consecutive year. Carryover of old cotton at the beginning of the 1955-56 year totaled 11.1 million bales. Production in 1955 is likely to exceed domestic use and exports and the carryover on August 1, 1956 is expected to be about 14 million bales.

1/ Prepared by the Agricultural Marketing Service.

Production of noncitrus fruits in 1955 totaled 4 percent above 1954 but was 2.6 percent below average. Citrus production continued to increase. The prospective citrus supply for the 1955-56 season is 2 percent above 1954. A record 10.3 million tons of the 28 principal vegetables for fresh market were produced in 1955. Output of 11 principal vegetables for processing totaled 6.14 million tons, 4 percent more than in 1954 and about average. Although the vegetable pack was up, the carryover was down and supplies for 1955-56 are not much different than last year. The potato crop of 381.6 million bushels exceeded 1954 by 7 percent and was large enough to cause marketing difficulties. Dry bean production was a little below 1954 but well above average while the dry field pea crop was the second smallest in 15 years. Yields of sugar beets and sugarcane set new records though acreage was considerably below 1954. High yields for tobacco resulted in the third largest crop on record, even though acreage was the smallest since 1943.

Meat production rose to a new record in 1955 and was expected to continue at about that level in 1956. Pig production has increased a fourth in the last 2 years but is expected to level out in 1956. The number of cattle on farms reached a new record of 95.4 million head at the beginning of 1955 but heavy slaughter of cows and heifers during the year indicated the likelihood of a reduction in numbers over the next few years. Numbers of sheep on farms have been decreasing slowly since 1952.

Milk production set a new record of 124.5 billion pounds in 1955, according to preliminary estimates, and a further increase is likely in 1956. Feed prices have declined and milk prices have improved relative to those for hogs, a competing enterprise on many farms. Furthermore, the long-time trend toward higher production per cow is likely to continue.

Because of improvement in the egg-feed price ratio in 1955, farmers are expected to add more chickens to their laying flocks in 1956 than in 1955. With productivity per hen likely to rise further, egg production is likely to exceed the 1955 record. Prices of turkeys and broilers in 1955 also were more favorable compared with feed, and production of both is likely to rise in 1956.

Food Consumption Per Person Increases: The quantity of food consumed per person rose slightly from 1954 to 1955 when it averaged 3 percent above the 1947-49 average and 13 percent above 1935-39. Changes from a year earlier were small for most commodity groups, though meat consumption was up to 5 percent and vegetable consumption was down 3 percent. Consumption per person is expected to continue at about the 1955 rate in 1956 with increases likely for pork, lard, and potatoes and declines probable for beef, veal, eggs, canned fish, vegetable shortening and fresh oranges. Retail food prices are expected to continue relatively stable.

BRITISH COMMONWEALTHS

Canada, Australia, New Zealand and most parts of British Africa report a generally favorable agricultural situation due to the high level of industrial activity, the progress of new development programs and increases in agricultural output, which are expected to continue into 1956.

In most areas bumper crops have resulted from favorable growing conditions, and greater use of mechanization. Consumption has expanded due to increased population, continued industrial expansion with its resultant fuller employment and greater buying power. A few inflationary tendencies have developed in some of these areas as a result of increased demand for both industrial and imported consumer goods. On the other hand, agricultural exports have suffered from price declines abroad and exportable surpluses have developed.

Output of agricultural products continues to rise, but not as rapidly as during the 1947-52 period. Except for unforeseen weather developments a relatively high level of production throughout the British Commonwealth may be expected in 1956 for food crops, fibers and tobacco. In addition to wheat and flour, increasing quantities in the export market may be expected in the case of feedgrains, tobacco and certain fruits. Domestic demand may largely take care of increased output of meats, dairy products and poultry.

Additional irrigated areas will be brought into production in Australia in 1955-56 amounting to about 350,000 acres. Industrialization in Canada and Australia is increasing the demand for luxury foods. Programs in progress in Africa call for increased production of fiber and foodstuffs for export and of foodstuffs for domestic use. These projects and others being started may be expected to have at least a gradually accumulative effect on foreign competition and demand.

Demand for Farm Products: The increases in population and overall general prosperity in most of the Commonwealth countries have resulted in increased local demands for farm products which have been met by increased domestic production particularly of such items as grain, meats, dairy products, and fruits.

Programs for expanding production in some Commonwealth areas have resulted in such increased quantities of agricultural commodities that large carryover stocks and exportable surpluses have developed. In part due to preferential treatment granted to member countries of the Commonwealth, the United Kingdom continues to be the largest consumer of exportable Commonwealth agricultural products. This marketing tie is also strengthened by the fact that all member countries of the Commonwealth, with the exception of Canada, are linked together by the common use of sterling in foreign exchange.

Canada: Total crop and livestock production in Canada in 1955 was substantially above a year earlier and the trend in domestic consumption of meat, dairy products, fruits and vegetables is upward. The major problem is the unusually large quantities of wheat and other grains held in stocks at the end of the 1954-55 crop season. Recent sharp price reductions have been made in low-grade wheats in an effort to free storage space for the higher quality 1955 crop, most of which was still on the farms at the end of 1955.

Moderate government loans have recently been approved for farmers unable to market their wheat because of limited terminal storage facilities. Canada

has harvested 5 large wheat crops in the last 6 years; the current year's crop exceeds the prewar (1934-38) average by about 230 million bushels.

Considerable liquidation of dairy products is expected in 1956 as expansion in domestic consumption now exceeds increases in production. Imports of United States winter vegetables and citrus increased in 1956 and all indications are that these imports will be maintained in 1956 because of the high level of consumer demand.

Although Canadian imports of raw cotton were expanding in 1955 and will probably continue high in 1956, imports from the United States recently have declined sharply as the result of lower priced cotton offered from Mexico and Central America. Canadian agriculture competes with the United States in export markets, particularly in the case of wheat, oats, barley, flaxseed, apples, shelled eggs and dairy cattle. However, the total two-way trade between the United States and Canada continues at a high level and is higher than between any other 2 countries in the world.

Australia: Livestock and grain production prospects in Australia are particularly good for 1956, but returns from exported agricultural commodities dropped during 1955 and prices are still much below the previous season. The decline in wool prices, the world competition of marketing of other products, and the high level of Australian imports have resulted in a general worsening of Australia's foreign exchange situation. In a effort to rectify its foreign payments position by June 1956, the Australian Government has a program seeking to expand agricultural exports to the United Kingdom and other Commonweath countries while at the same time adopting a policy of restricting imports.

The exportable surplus of wheat for 1956 has been estimated at 150 million bushels. Considerable difficulty is anticipated in marketing this grain abroad and consideration has been given to sales on credit and exports to some countries in exchange for tariff concessions. Canned fruit exports from Australia are now reported as totaling about one-half of the United Kingdom's import requirements.

New Zealand: New Zealand's emphasis on production and export of such primary commodities as meat, wool and dairy products will continue in 1956 and for some years to come. With well-organized programs of farm production and fairly predictable weather conditions, there are indications that New Zealand can extend its production of export commodities well beyond the needs of its home population. Land in grass or under cultivation is increasing at the rate of about 50,000 acres per year with gradual increases in yields. Besides the United Kingdom, New Zealand is interested in developing markets in Western Europe and the Iron Curtain countries. There is also evidence of intensification of efforts to sell in dollar countries, particularly in Canada.

British Africa: Increased production of crops in competition with United States agricultural exports is now being emphasized in many African areas. Corn production and exports have increased significantly in the past 2 years and are expected to offer strong competition with United States corn exports during the marketing periods 1955 to 1957.

Since 1954 corn exports from the Union of South Africa have been destined for European markets. Most of the increased production from the Federation of Rhodesia and Nyasaland and the Union of South Africa is attributed to the greater use of hybrid seed in recent years. Tobacco production has been maintained in the Federation of Rhodesia and Nyasaland. Improved research methods were believed responsible for the high quality leaf of the 1955-56 crop.

Canned fruit production in South Africa has been steadily increasing. It is packed primarily for the United Kingdom market but is expected to be less competitive with United States exports in 1956 as a result of somewhat smaller crops in 1955. Cotton production in Nigeria has increased from 50,000 bales (400 lbs.) in 1949 to an estimated 185,000 bales in 1954-55 with a production target of 720,000 bales.

Since 1949 significant increases in cash income from export crops (particularly cacao and coffee), expanding mineral production, increasing urbanization, and certain less significant factors, have made possible increased imports into Central Africa of wheat and flour, canned foods, dairy products, canned meat, sugar and alcoholic beverages. These have come chiefly from British Commonwealth areas. Wheat flour in West Africa is imported principally from the United States. Other imports from the United States by British African territories include tobacco, tallow and forest products. Secondary processing industries are increasing, particularly in the Federation of Rhodesia and Nyasaland, Kenya, and South Africa, based partly on imported agricultural and industrial raw materials. Emphasis in the past in East and West Africa has been upon production of export crops rather than domestic food crops.

British West Indies: Fresh and canned citrus fruit production is being maintained in Trinidad, Jamaica, British Honduras and Dominica as a result of the United Kingdom's protection policies. It is this restricting trade policy rather than the quantity of production which is a threat to United States exports of these commodities to the United Kingdom and other Commonwealth countries.

Selected British Commonwealth Countries - Indices of Agricultural Production 1952-54: estimated 1955 1/

Country	Base year	Total				Per Capita			
		1952	1953	1954	1955 2/	1952	1953	1954	1955 2/
Canada	1935-39	166	156	114	155	128	117	83	112
Australia	1936-39	122	122	120	125	82	95	92	95
New Zealand	1938	132	133	135	145	106	104	105	111
So. Rhodesia 3/	1938	269	278	279	280	170	171	167	162

1/ Based on computations by the Commonwealth Economic Committee, London; intended only to show trend in production; net production except for Australia. 2/ Preliminary. 3/ The marked increase in Southern Rhodesia reflects greater output of tobacco for export and food from European operated farms for the African and European population.

WESTERN EUROPE AND FRENCH NORTH AFRICA

Despite some stresses that have developed in Western Europe over the past year due to overfull industrial employment, conditions continue to be favorable for the development of wholesale and retail demand for agricultural products. Yet, special commodity factors of supply and competition make it unlikely that total agricultural imports in 1955-56 will reach the level of 1954-55.

Total imports of wheat probably will be lower, imports of coarse grains possibly higher; the exportable surplus of the grain exporting countries of Western Europe will not quite reach the level of last year. Imports of fats and oils probably will hold their own. Fruit imports will be higher, with more citrus and less deciduous fruit available from Western European exporters. Tobacco takings should be up, while cotton will be down.

Production: Total agricultural production in Western Europe in 1955-56 is indicated to be slightly above 1954-55 despite sharp decreases in a few countries. Total crop output in 1955 was probably one of the largest of the postwar period. Wheat production was somewhat higher than in 1954, with qualities generally better and a higher share of the crop of millable grades. Increases in Italy and Western Germany offset substantial declines in the United Kingdom, Scandinavia, and the Iberian Peninsula. France had another bumper crop. Rye output in Western Europe was lower. Production of feed grains is estimated to have been about the same as the largest harvest of 1954. Sugarbeets appear to be about the same as in 1954, when the crop was substantially below the good harvest of 1953. Potatoes were below 1954. Mediterranean olive oil output in 1955-56 is expected to be materially smaller than in the preceding season, and well below average. Output of oilseeds in 1955 was about the same as in 1954, tobacco showed a slight increase and cotton in the Mediterranean region another marked increase.

Production of table apples and pears is considerably below that of last year, notably in northern Europe, but quality is better than in 1954. Citrus fruit output in the Mediterranean area will be larger, especially in Spain where the crop had suffered in 1954 from the extensive freeze in early spring.

Output of meat, milk, and eggs in Western Europe in 1955-56 is likely to show further increases, though not uniformly so. Lower pork production in Denmark and the United Kingdom will be more than offset by considerably higher output in other countries, notably the Federal Republic of Germany, France, Italy, and the Netherlands. Egg production probably will be higher in most countries. Milk output is likely to be higher in most countries, despite an unfavorable forage situation at the turn of the crop year.

Stocks: Western Europe's carry-in stocks of breadgrains and coarse grains on July 1, 1955, were above a year ago. Total stocks of cotton were about 15 percent below those a year earlier. Tobacco stocks are somewhat higher, but those of American tobacco relatively low.

WESTERN EUROPE - INDICES OF AGRICULTURAL PRODUCTION, BY COUNTRIES,

1953-54 to 1955-56 /1
(prewar equals 100)

Country	Total			Per Capita		
	1953-54	1954-55 /2	1955-56 /3	1953-54	1954-55 /2	1955-56 /3
Belgium	127	133	135	120	126	127
Denmark	130	130	131	110	109	109
France	124	130	130	117	122	121
Federal Republic of Western Germany	120	122	124	96	97	97
Italy	132	125	129	118	111	114
Netherlands	135	131	132	109	104	104
Spain	100	105	98	85	89	82
Sweden	127	125	115	110	108	99
United Kingdom	157	160	160	146	148	148
Western Europe /4	125	126	127	110	110	110

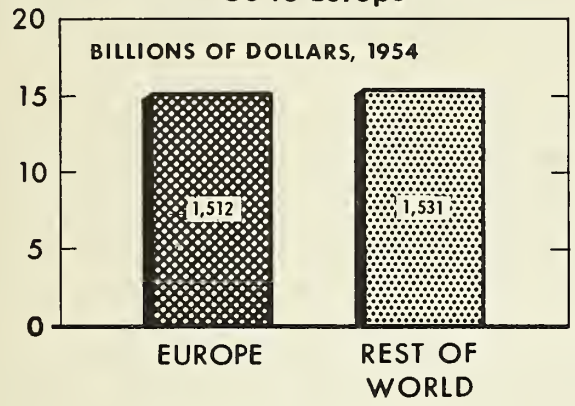
/1 Excluding food produced from imported feed /2 Preliminary /3 Forecast
/4 Includes all other Western European countries not shown above.

Economic Conditions and Consumption Outlook

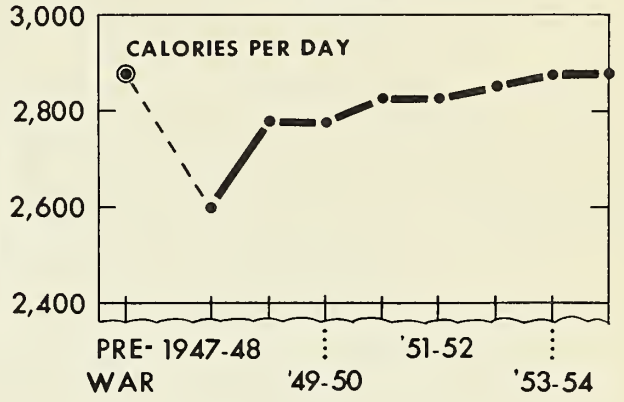
Economic conditions in Western Europe continued to develop favorably in 1955, though inflationary situations have emerged in a number of countries due to overfull employment, with overinvestment, wage and price increases and pressure of demand for consumer goods. As a result, curbs to dampen down investment expansion and to control domestic expenditure have been applied.

EUROPE IS OUR NO. 1 MARKET

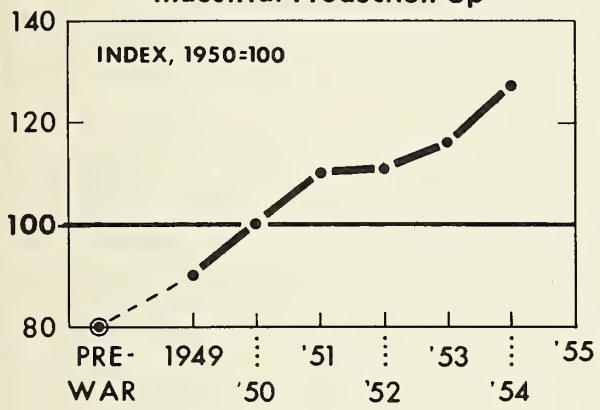
50% of U. S. Agricultural Exports Go to Europe



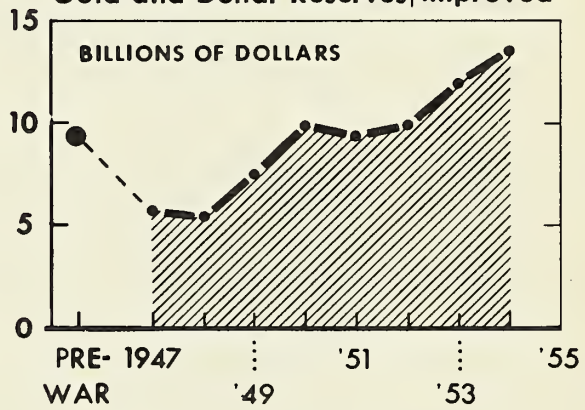
Food Consumption Restored



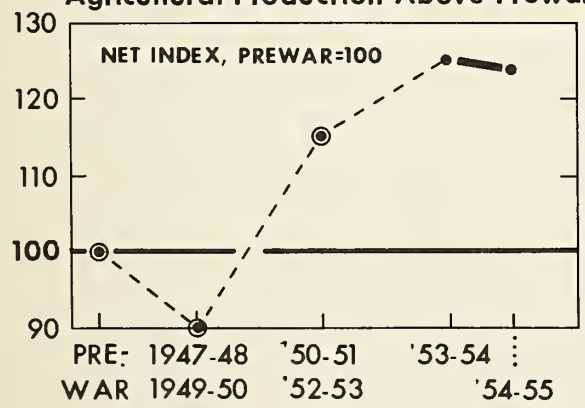
Industrial Production Up



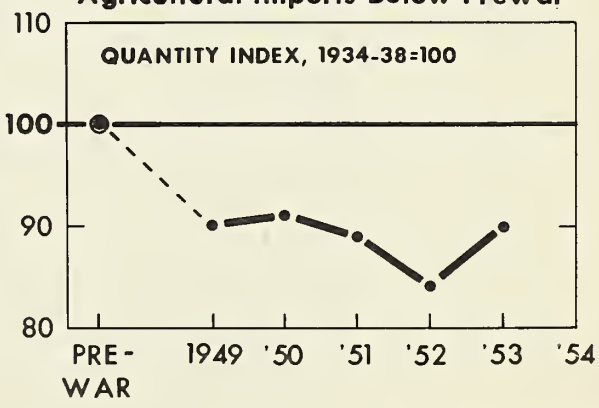
Gold and Dollar Reserves Improved



Agricultural Production Above Prewar



Agricultural Imports Below Prewar



USDA

FAS-NEG. 678

WEST EUROPE: PER CAPITA FOOD CONSUMPTION, Prewar, 1952-53 and 1953-54

Country	Grains, as flour (Kilograms)			Meat, carcass weight (Kilograms)			Fats & Oils (fat content) (Kilograms)			All Food (Calories per day)		
	Prewar	1952-53	1953-54	Prewar	1952-53	1953-54	Prewar	1952-53	1953-54	Prewar	1952-53	1953-54
United Kingdom	95	99	91	68	56	62	21	20	21	3075	3020	3100
Federal Republic of Germany	113	100	98	52	41	43	21	23	24	2985	2830	2885
France	126	122	118	58	59	61	16	15	16	2955	2930	2975
Italy	168	165	162	19	19	21	11	12	12	2560	2670	2685
Netherlands	102	9	93	40	34	37	21	25	26	2920	2880	2900
Belgium	126	101	100	44	44	44	18	21	21	2935	2900	2900
Denmark	97	95	90	78	55	51	24	22	24	3330	3195	3185
Sweden	98	82	80	48	50	53	18	22	21	3080	3095	3070
Spain	144	133	133	27	24	23	15	15	15	2725	2510	2510
Western Europe/1	125	120	117	45	40	42	18	18	19	2880	2845	2865

/1 Includes all other Western European countries not shown above.

It is notable that these measures were mainly confined to tighter credit policies and did not in general include increases in the barriers to international trade. The United Kingdom, the Federal Republic of Western Germany, Belgium, Sweden, Norway, Denmark and Austria have all acted to restrain internal demand so as to avoid imbalance in domestic and foreign accounts.

The position of the currency reserves in most countries, with the exception of the United Kingdom and Denmark, remains favorable, and gold and dollar holdings showed further gains during 1955, especially in France and the Federal Republic of Germany. The outlook is for continued economic growth in Western Europe during 1956, though expansion may have to be checked to control inflationary developments and imbalance in foreign accounts that have been burdened by considerable increases in expenditures on imports.

None of these general economic factors is likely to induce significant changes in Western Europe's import buying power or competitive strength in 1956 so far as agricultural products are concerned. They are most likely to be neutral in this respect, and leave free rein to specific commodity influences, such as domestic supply, price, quality and commercial convenience. These general commodity factors will also determine policies with respect to stocks; but it should be noted that the general economic situation as such will not favor further accumulations.

Policies: Following upon two years of encouraging progress toward relaxation of restrictions on trade in agricultural products, some European countries took additional steps to ease their policies regarding imports of agricultural products from the dollar area. Early in 1955, the German Republic included oilseeds and a few canned fruits in dollar liberalization. During the course of the year, Denmark freed from control a variety of dollar imports, among them cotton, tobacco, rice, grain sorghums, soy beans, flaxseed, and a number of field and garden seeds. Austria liberalized dollar imports of oilseeds, seed oils, and some fruits. Portugal also freed from exchange controls some imports of dollar agricultural products, though the most important - wheat and tobacco - are still subject to other quantitative restrictions.

The dollar liberalization measures taken in 1955, however, were less comprehensive than the earlier moves of 1953 and 1954, when more and more dollar products were freed from exchange controls. The impression arises that a point has been reached from which further progress will be slow and on a narrow front, and the dark spots mentioned in last year's report remain. Bilateral tendencies in the trade of a number of countries are as alive today as they were a year ago, and remaining "hard-core" quantitative restrictions on imports - originally imposed on balance-of-payments grounds - are being represented as needed on grounds of accustomed protection. Export subsidies on agricultural products have assumed formidable proportions in France where it appears that a wheat surplus of about 25 percent of domestic output could only be exported at prices much lower than the domestic price that induced production of this size; funds used to make export payments on wheat in 1954-55 amounted to an average of at least $1.30 per bushel of wheat exported, one-third of the funds, however, coming from an export assessment paid by producers.

A review of European price levels of agricultural commodities shows the extent to which wholesale prices of domestic agricultural products have been out of line with prices at which these products could have been imported. According to a study by two Swedish economists 1/ domestic prices were higher than import prices by 20 percent in Germany and Sweden, 25 percent in Norway and the United Kingdom (before its shift-over to the deficiency payments system), 30 percent in France, and 50 percent in Switzerland.

These differences have further increased since 1953-54, the period to which the study referred. On the other hand, it must of course be noted that, had the countries actually lowered their prices and domestic production to the import parity level and hence imported much more from abroad, import prices would have been at a higher level than they actually were in the reference period. Nevertheless, the calculated differences are highly significant. It is also notable that domestic and import prices were found to have been about equal in Denmark and in the Netherlands, Europe's most efficient agricultural producers.

Trade: Imports of overseas wheat into Western Europe will be somewhat smaller in 1955-56 than they were in 1954-55, not only because of a better crop outturn in a number of countries; better milling qualities were harvested in 1955 and some of the takings in 1954-55 went into stocks that may now be drawn upon or, at any rate, are unlikely to be further increased. France has an export surplus at least as large as the 92 million bushels exported in 1954-55. Sweden will have little wheat for export.

With less feed wheat available from domestic output and a smaller potato crop, Western Europe's requirements for imported coarse grains are likely to hold up well; they were over 10 percent above the preceding season in 1954-55.

In view of the continued high consumer demand and little change in domestic output, imports of vegetable oils and oilseeds for local consumption will probably remain high though imports for reexport to the East may not be maintained at the 1954-55 level. Imports of apples and pears should be higher because of the unfavorable crop outturn in northern Europe. Demand for citrus imports should hold up well, though the larger Mediterranean supply and continuing import controls are factors to be reckoned with; at the same time the availability of Mediterranean citrus is mostly concentrated in the winter and spring months before the bulk of United States exports of fresh citrus moves. The Republic of Germany and Denmark have liberalized import restrictions on certain United States fruits which should benefit 1955 crop exports. The United Kingdom has announced authorizations for the importation of several United States fruits and fruit products during 1955-56.

Exports of tobacco to Western Europe are expected to increase in 1955-56, largely as a result of special programs. A sizable balance of sales covered

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1/ Erik Swedborg and Karl Sakk, in "World Prices and Domestic Prices for Agricultural Products" (Prissattningen, etc., Report given by Jordbruksprisutredningen, Stockholm, 1954).

by such programs in 1954-55 is being moved out in 1955-56 (a small quantity moved in 1954-55). Other factors favoring increased tobacco exports to Western Europe during 1955-56 are an improvement in gold and dollar holdings and relatively low stocks of United States tobacco in many countries, rising tobacco consumption resulting from generally prosperous economic conditions and a larger number of persons of smoking age. Unfavorable factors are the continued restrictions on imports of "dollar" tobacco and increasing production in Western Europe and competing exporting countries.

Western Europe's cotton situation and international price relationships are such that a decline of total imports (and a decline of imports from the United States) seems likely in 1955-56. Such a decline may amount to from 5 to 10 percent of last season's import level of about 7 million bales - due to decreasing mill consumption and to a possible further reduction of stocks. It is not likely, however, that this reduction in stocks will be large. Mill consumption, on the other hand, will most likely be somewhat lower than in 1954-55. With price relationships to the disadvantage of United States cotton, Western Europe's takings of American staple is much below last year thus far in 1955-56, while takings from other cotton exporting countries are higher.

EASTERN EUROPE
(excluding the USSR)

Food production in Eastern Europe in 1955-56 is expected to be somewhat higher than during 1954-55. It is questionable, however, whether Eastern Europe during the coming year will again be able to become a net exporter of food products to the West, a position it held throughout the prewar period and in some postwar years.

Production: The grain harvest of 1955 was generally better than that of the previous year. It was good in the Danube Basin; in Poland it was reported to be the best grain crop since the end of World War II. In Eastern Germany and Czechoslovakia, grain output seems to have been at, or slightly below, the average postwar level. The sugar beet harvest appears to have been reasonably satisfactory in all these countries, but potato output is very low, particularly in the main potato producing countries, Poland and Eastern Germany. Livestock production is on a higher level than in other postwar years. Information from Yugoslavia indicates that the 1955 harvest, while not up to the good level of 1953, is much above the poor year 1954.

Policies: The new agricultural policy, which began in 1953, was continued in some countries but took a new turn in others. In Poland, Eastern Germany, Bulgaria, and Rumania, the moderate approach to the socialization of agriculture by and large remained unchanged. In Czechoslovakia and Hungary, however, the harsh policy of collectivization has been resumed. Yet the policy of devoting more resources to agriculture and of imposing more lenient delivery quotas, which has characterized the "New Course" since its inception, remained in force, except in Hungary, where the free marketing of surplus breadgrains was forbidden.

In Yugoslavia, voluntary precontracting of crops at prices higher than market prices has continued during 1955 and will continue for the 1956 crops. In July prices of all precontracted grains were increased---20 percent in the case of wheat and 30 percent in the case of corn. At the same time consumer prices were increased for flour, bread, and tobacco, the only commodities (plus sugar) for which the retail prices remain under control. A producer price subsidy on lard and vegetable oils was removed and the price was freed.

A recent decision assigned to the General Agricultural Cooperatives the dominant role in the villages, whereby they will control the trade of all producers, the supply of fertilizers, good seed, and machinery. They will also take over the precontracting for purchases.

Consumption and Trade: During the last year the food situation throughout Eastern Europe remained precarious. In some countries, this was simply due to the fact that domestic supplies and imports fell short of domestic requirements, while the release of stocks by which food shortages had been mitigated during 1953-54 could not be repeated on the same scale.

In other countries, however, there are strong reasons for believing that shortages of certain food products are due not so much to lagging production and insufficient imports as to considerable exports to the East. The sugar shortage which plagued Eastern Germany early in the year, and meat shortages in Poland and Hungary, are cases in point. Scarcities of meat, fats and oils occurred at one time or another in all countries; scarcities of potatoes were particularly marked in Eastern Germany, the only country among the Satellites where food was still rationed by the end of 1955. In Rumania, where rationing was abolished at the end of 1954, bread shortages appeared during the early summer, and in Poland great irregularities in the bread supply occurred at the same time.

During 1956 recurrent shortages of certain food products are likely to continue, and imports of grains, fats and oils will remain on a high level. Eastern Germany, Czechoslovakia, Poland and Hungary are all likely to import large quantities of grains, and significant amounts of fats and oils.

In 1955, a new departure in the purchase policy of the Eastern European countries was observed, namely, direct purchases from the dollar area. The most significant of these purchases were imports by Poland of about 240,000 metric tons of surplus wheat from Canada, and Eastern Germany and Czechoslovakian purchases of Canadian surplus butter. Another noteworthy development was the increasing trade in agricultural products between the Satellites and the underdeveloped countries of the Near and Middle East and South America. In consequence of numerous trade agreements, cotton, rice, grains, oilseeds, and other staples were purchased in exchange for industrial goods.

Trade between Yugoslavia and the Satellite countries has increased since the reestablishment of relations in 1954, after a lapse of 7 years. But the country continues to depend heavily on imports from the West to support adequate consumption levels.

SOVIET UNION

The central feature of the agricultural situation in the Soviet Union in 1955 was the continuing effort of the Government to increase agricultural production. This met only with limited success, though some improvement is indicated over the mediocre 1953 and 1954 harvests. The acreage under crops was increased by nearly 50 million acres, bringing the total area for the 1955 harvest to about 460 million acres, an increase of 27 percent compared with 1950. Because of unfavorable weather and other factors it is apparent that the increase in output was not commensurate with the acreage increase.

Indications point to larger wheat, corn, oilseeds, and sugar beet crops in the Soviet Union than in 1954, when production was adversely affected by a drought in some of the most fertile southern regions. Following a late spring, weather conditions in 1955 were much more favorable in most of these regions. By contrast, a serious drought occurred in the eastern parts of the country where a large expansion of acreage took place last spring. There were also indications of some increase in the country's output of dairy and other animal products.

In a rather subdued statement on the agricultural situation a high official in November 1955 pointed out that, notwithstanding unfavorable climatic conditions, especially in Kazakhstan, the harvest for the country was greater than in the preceding year. He expressed dissatisfaction that current agricultural production was not meeting the growing requirements for food and raw materials.

Policy Measures: The management of the large collective farms continues to pose difficult problems for the Russian Government. The number of collectives was decreased through mergers during the last 5 years from more than 250,000 to 89,000. The seriousness of the management problem from the Soviet standpoint can be gauged from the decision taken last spring to dispatch about 30,000 members of the Soviet elite workers in the cities to assume managerial positions in the backward collective farms after short training.

Another measure apparently intended to strengthen collective farm management was to decentralize and make more flexible the heretofore highly centralized and rigid planning procedure and place greater responsibility on collective farm management. 1/

The most important production programs of the Soviet Government dealt with the continued expansion of acreage in the eastern regions, devoted mostly to small grains, and with an ambitious expansion of the corn (maize) acreage and production to bolster the lagging fodder supply.

Small Grains: Sowings on the virgin and long uncultivated land of the eastern regions beyond the Urals increased by about 40 million acres. The area under spring wheat alone, mostly in these regions, increased by 27 million acres,

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1/ For a discussion of agricultural planning, see A Survey of Soviet Russian Agriculture. U. S. Department of Agriculture. Monograph 5.

and the total wheat acreage exceeded 150 million acres, of which over 70 percent is low yielding spring wheat. In 1954, when acreage expansion in the eastern regions began, weather conditions, for the most part were unusually favorable, but in 1955 a serious drought, which is typical of this area of precarious farming, played havoc with crop yields in many sections.

This slump in yields is reflected in the relatively small increase in Government grain collections reported so far, despite the large increase in acreage and better weather in the south, where the Russian winter wheat belt is located. Grain collections by November 1, 1955, exceeded those of the previous year by only 2.1 million short tons, whereas, in 1954, collection exceeded those of the previous year by 4.6 million short tons. These figures do not include the increasingly important payments in kind to machine-tractor stations. It would seem that there was a rather small increase in the total production of small grains, probably because decreased feed grain crops partly offset the substantial increase in the wheat outturn.

Corn: In accordance with a new Government program announced last February, the relatively small Soviet corn acreage was increased 4-fold and exceeded 40 million acres. The shift to corn was in part at the expense of the traditional feed grain crops of barley and oats. Most of the expansion of corn acreage took place in areas where the growing season is too short for the corn to reach full maturity. In these areas corn is harvested for silage. In accordance with Government directives, the ears of corn are removed from the stalks and preserved as concentrates, while the stalks are ensiled separately as a green roughage. Comments in the Soviet press have indicated that the separation of ears from the stalks, primarily by hand methods, has required more labor than had been expected, and in some areas has interfered with the harvesting of other crops and the performance of other field operations. In the eastern regions, corn yields were adversely affected by the drought. There have been indications of a lack of enthusiasm on the part of the farmers for this novel crop, which requires considerable expenditure of labor and is ill-adapted to the climatic conditions of most of the USSR. To stimulate the interest of the farmers in growing corn, a return to growers of 15 percent of corn (grain or silage) as an incentive payment, was decreed.

Other Crops: Increased acreages were reported for flax fiber, potatoes, sunflower seed and sugar beets. With possible exception of potatoes, substantial increases in production were indicated for all these crops. A marked recovery occurred in the sugar beet crop, which was hard hit in 1954 by the drought in the southern region. A cotton crop as large or larger than in 1954 is indicated, despite unfavorable weather reported earlier in the season. The Soviet Union now is the principal supplier of cotton to the other Soviet Bloc countries.

Livestock: The livestock industry continues to be a major problem in Soviet agriculture. In 1953, official data revealed that most livestock numbers at the beginning of that year were below the precollectivization period, despite a large increase in human population. Since 1953, the livestock census date has been changed from January to October, and no figures have been published

so far for 1955. There were small increases during the preceding 2 years and a further unspecified increase was claimed in 1955. There also have been indications of some increase in production and supply of livestock products. Since fodder has been a weak spot in the livestock situation, the program to expand corn acreage, discussed above, was inaugurated to increase fodder supply as a means of raising livestock production.

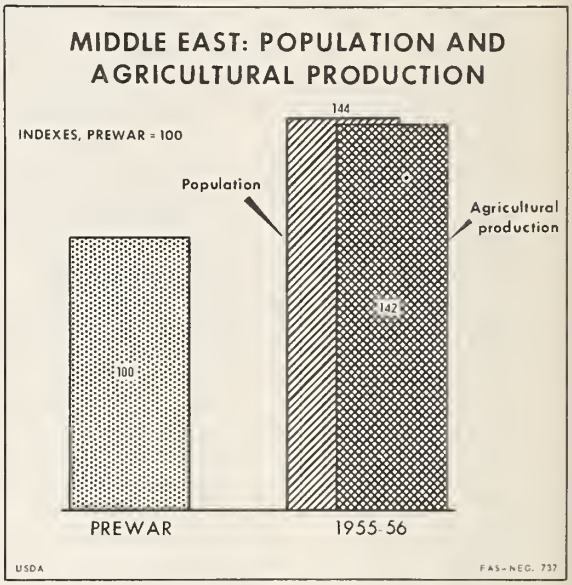
Foreign Trade: Soviet Russia traditionally has been an exporter of small grains and at one time was even one of the leading exporters. However, during the last few years, with few exceptions, its grain exports were limited to the Soviet Bloc countries. Grain shipments to the non-Communist world were insignificant, due, no doubt, to poor crops in 1953 and 1954. Despite a better wheat crop, the Soviet Union has not been very active on the international market so far this season. While its grain exports to the non-Communist world declined, the Soviet Union imported during the last few years large quantities of meat, sugar and butter. The need for continuing imports of meats and fats no doubt exists if the quality of the diet is to be improved. For the present dietary standard, while adequate in terms of calories, is poor (by Western standards) in terms of variety and quality of foods. It should be kept in mind, however, that imports and exports depend primarily on the decision of the Soviet Government, which has a monopoly on foreign trade and controls internal allocation of supplies. If the Soviet Government envisages economic or political advantages in exporting or importing foodstuffs, it will do so. But the course which it will follow during the coming year is unpredictable.

THE MIDDLE EAST

For the Middle East as a whole agricultural production in 1955-56 was slightly higher than in the previous season, but below the 1953-54 level. In part of the area, however, supplies were short because of drought and additional supplies will be needed to meet essential food requirements. The net wheat deficit, including flour, appears to be about 400,000 tons. The increased crop outturn was due entirely to larger harvests of grain and cotton in Turkey and Iran, as total agricultural production in all other Middle East countries was below the 1954-55 level. The area recorded increases in the production of pulse crops, sugar, tobacco, and citrus fruits; but showed significant declines in the outturn of nuts and deciduous and other non-citrus fruits. The index of total agricultural production increased to 142 in the 1955-56 season.

In all countries of the area except Turkey and Iran, wheat and total grain production was lower than in the preceding year - sharply so in Iraq, Jordan, and Syria. Each of these countries, as well as Israel, is expected to be a net importer of wheat during 1955-56, in contrast with the previous year when Jordan was self-sufficient, and Iraq and Syria had relatively substantial export availabilities.

Barley production (the second most important cereal grown in the Middle East), increased substantially, due principally to a much larger harvest in Turkey. Rice production for the area was slightly lower, but was greater in the principal



The Middle East: Indices of Agricultural Production by Countries 1953-54 to 1955-56

Country	Total Production (1935-39 equals 100)			Per Capita Production (1935-39 equals 100)		
	1953-54	1954-55	1955-56	1953-54	1954-55	1955-56
Egypt	101	109	113	73	77	77
Iran	120	119	132	97	94	104
Iraq	162	155	135	111	104	87
Israel	128	124	123	106	101	98
Jordan 1/	119	157	95	70	92	55
Lebanon	180	175	169	125	116	108
Syria	178	203	147	121	150	95
Turkey	190	150	167	140	99	118
Total Middle East	147	138	142	109	100	100

1/ Includes nearly one-half million refugees who have been maintained on a minimum subsistence level by United Nations Relief Agencies.

exporting country - Egypt. Corn production was practically unchanged from 1954-55; production of rye, oats, millets, and other grains was above. Pulse crops, oilseeds, citrus fruits, and sugar production was higher; potatoes, grapes, and bananas practically unchanged; but date, raisin, and tree-nut production was lower.

Cotton and tobacco are the principal non-food crops grown in the Middle East and the area's total production of both crops was higher in 1955-56. In Egypt, the principal cotton growing country, estimated production of 1.8 million bales in 1955-56 is about 13 percent larger than the prior crop, reflecting a shift of more than 250,000 acres from wheat to cotton attendant to relaxation of the requirement that at least a fixed percentage of the land be planted to wheat.

Several countries in the area, including Turkey, Syria, Iran, and Israel have programs for the expansion of cotton acreage and production; but the acreage planted in Egypt in 1956 is expected to be lower. Egypt currently has considerable stocks of cotton and a wheat shortage and its farmers are again being required by law to plant at least one-third of their cropland in wheat. In 1955-56 cotton production was at record levels in both Turkey and Iran, with 675,000 bales and 275,000 bales respectively.

Turkey's output of oriental-type leaf accounts for roughly 80 percent of the tobacco grown in Middle Eastern countries. In 1955-56 tobacco production was larger in Turkey and Iran, but less in Iraq and Syria. Very little tobacco is grown in the other countries of the area.

General Economic Conditions -- Moderate improvement in the general economic condition of some countries have been largely offset by a worsening of conditions in others. Most countries are faced with balance-of-payment difficultues, and some, particularly Turkey and Israel, with inflationary pressures. There has been a downward trend in world prices of many of the area's agricultural export items.

The economic well-being of several Middle East countries is largely dependent upon their petroleum industries. Petroleum products make up more than 90 percent of the exports of Iraq, Saudi Arabia, and Kuwait and represent a very substantial and rising proportion of the export trade of Iran, which traditionally finances both imports and the government budget from oil revenues. For the area, both production and exports of petroleum reached record levels in 1955.

Political unrest in the area continues to retard economic development and prevents both normal trade and cooperation on development projects crossing boundaries of the States involved.

Foreign Trade Outlook -- In 1956 net grain imports, largely wheat, by Middle East countries may exceed 1955 imports despite increased production in the area. Egypt, Jordan, and Syria are expected to require a total of about 500,000 tons of imported wheat. Israel will need 300,000 to 350,000 tons, and Lebanon 150,000 tons. Wheat exports principally by Turkey, are not expected to exceed 600,000 tons, leaving a net deficit for the area of about 400,000 tons. A considerable volume of rice and barley will be available for export from the area. Egypt, the principal rice growing country, with about a 13 percent larger crop this season, has included rice in barter agreements recently negotiated with Soviet-bloc countries. Iran has about 70,000 tons available for export this season from carry-over stocks, but reportedly no inquiries have been received so far from her principal customer --the Soviet Union. Turkey will have more barley for export in 1956, but the volume available from Iraq is still uncertain.

Total consumption of raw cotton in Middle East countries in 1954-55 is estimated at slightly under 1.0 million, 500 pound bales, some 2.0 million bales less than estimated production of 3.8 million bales. Exports by countries of the area totalled 2.2 million bales. Imports were negligible.

Cotton is the most important agricultural export from the area and is an important foreign exchange earner for Egypt, Turkey, Syria, and Iran. Normally cotton provides about 85 percent of Egypt's foreign exchange earnings. Due to lower prices and marketing difficulties for cotton, Egypt had a foreign trade deficit of $63 million for the first six months of 1955, compared with a surplus of $23 million for the corresponding period of 1954. In an effort to overcome export marketing difficulties, Egypt has in recent months concluded several barter agreements with Soviet-bloc countries for the exchange of cotton for industrial goods.

Total consumption of leaf tobacco in the Middle East in 1954-55 is estimated roughly at 200 million pounds. For 1954 exports by countries of the area totalled about 160 million pounds, and imports about 25 million. United States shipments to the Middle East in 1954 totalled 15 million pounds, largely flue-cured type leaf. The principal market for United States tobacco in the area is Egypt.

Turkey is one of the leading tobacco exporting countries of the world and Turkish tobacco is popular in many European brands of cigarettes. Turkey is also the United States most important source of oriental-type tobacco, which is blended with domestic leaf in the manufacture of most brands of cigarettes. Tobacco production in Turkey in 1955 was at the record level of 259 million pounds. At least three-fourths of the Turkish crop will be available for export.

THE FAR EAST
(excluding China)

Total agricultural production in Asia is at a record level. Populations are growing rapidly, however, and on a per-capita basis, production is still below prewar for most countries. During the crop year 1955-56 agricultural production in Asia was slightly higher than in the previous year. Substantial increases occurred in Japan, which harvested a record crop. India had its second largest rice crop and a record wheat crop. Rice production in Pakistan was above the previous year but not outstanding and the wheat crop was lower than in 1954-55. Cotton production was larger in both countries. Rice production in Southeast Asia was substantially above the preceding year. The index of total agricultural production increased during the year from 119 to 122 and per-capita production from 94 to 95.

For the free countries of the Far East for 1956, the net foodgrain deficit is estimated at 3.5 million short tons of rice, wheat, wheat flour, and barley. By countries the deficits are as follows:

(Million short tons)

India	1.0	Indonesia	0.4
Pakistan	0.3	Japan	4.0
Ceylon	0.6	Other	0.2
Malaya	0.7		
Philippines	0.3	Total	7.5

On the other hand rice surpluses in Burma, Thailand, Indochina, Taiwan (Formosa), and South Korea are estimated at 4 million tons.

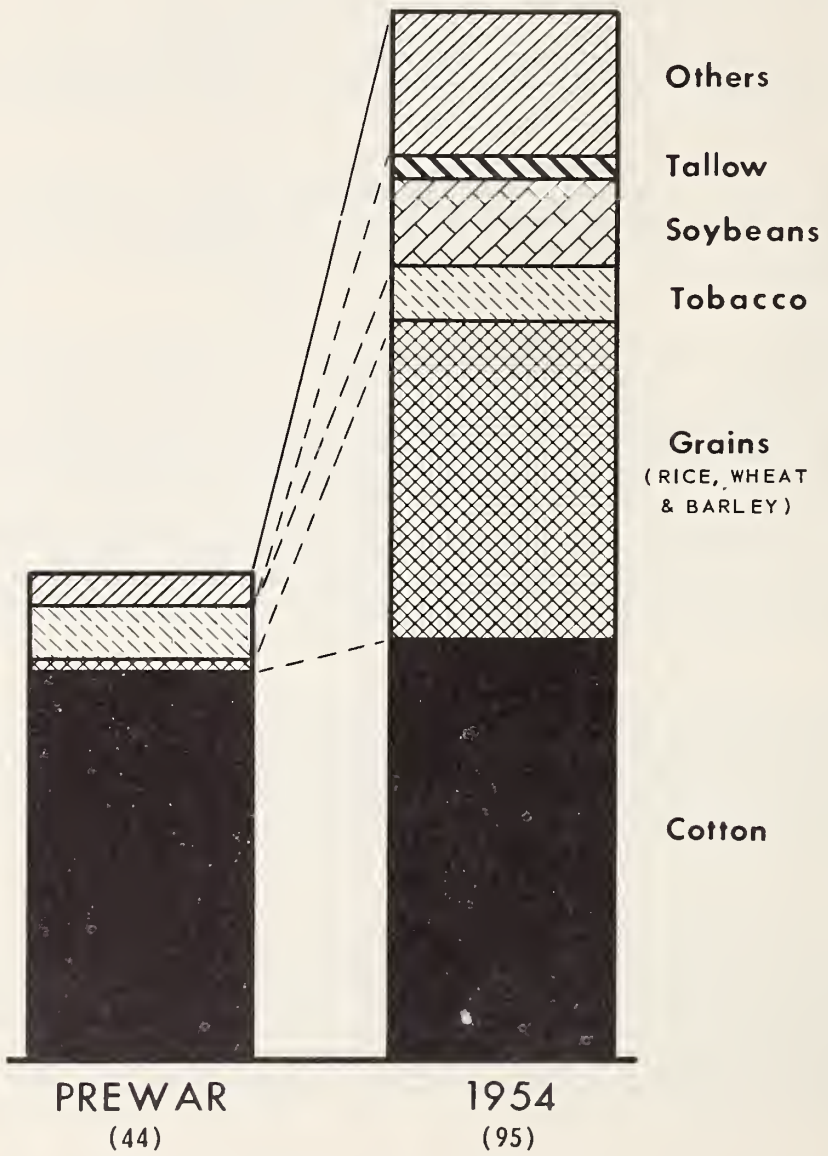
Total consumption of raw cotton in Far Eastern countries in 1954-55 is estimated at 7.6 million 500 pound bales, about 1.8 million bales more than estimated production of 5.8 million bales. Imports by countries of the area totalled 3.4 million bales, while exports totalled 1.1 million.

Total consumption of leaf tobacco in Asia in 1954-55 is estimated roughly at 1.8 billion pounds. For 1953 exports by countries of the area totalled about 140 million pounds, and imports about 90 million. United States shipments to Asia and the Middle East in 1954 totalled 52 million pounds, largely flue-cured type leaf. The principal markets for United States tobacco in the area are the Philippine Republic, Indonesia, Japan, and Thailand.

Food consumption per capita increased slightly in most countries of the region during 1954-55, reflecting further improvements in the food supply position. In general, total food consumption is limited by traditional food habits and by the very low incomes of large segments of the population. The acute food shortages of the early postwar years have been largely overcome, and steps are being taken by some Asian governments looking to improving the quality and variety of diets.

In terms of the prewar (1935-39) average, the countries of Asia have made a substantial recovery from the low outturns of the postwar years, as indicated by the following indices for the individual countries:

U.S. AGRICULTURAL EXPORTS TO ASIA*



*EXCLUDES CHINA AND NORTHERN KOREA

USDA

FAS-NEG. 739

Asia: Indices of Agricultural Production by Countries, 1953-54 to 1955-56 (1935-39 equals 100)

Country	Total Production			Per Capita Production		
	1953-54	1954-55	1955-56	1953-54	1954-55	1955-56
South Asia						
Ceylon	143	142	145	97	94	94
India	125	125	127	101	99	100
Pakistan	104	103	108	92	90	94
Southeast Asia						
Burma	83	87	88	68	71	70
Cambodia	106	100	106	80	75	77
Indonesia	112	118	120	93	96	96
Laos	111	96	106	79	69	76
Malaya	137	140	141	91	90	88
Philippine Rep.	140	148	151	101	104	104
South Vietnam	76	74	73	55	54	53
Thailand	194	181	190	142	129	133
Northeast Asia						
Japan	98	109	119	78	85	92
South Korea	107	108	109	79	78	78
Taiwan	99	95	97	54	51	51
Total	117	119	122	94	94	95

Most Asian countries still encounter difficulty in earning the foreign exchange necessary to pay for needed imports. However, some improvements in balance-of-payments position have been achieved in the past year by several countries, including Japan, Thailand, Indonesia, and Ceylon. A worsening of position has occurred in Burma and the Philippines.

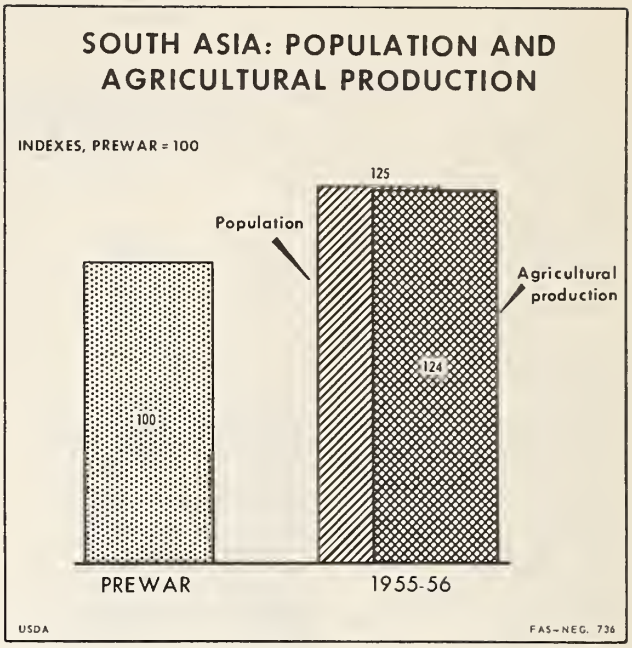
South Asia

Total agricultural production in South Asia--India, Pakistan, and Ceylon--is expected to establish a new record in 1955-56, due to generally favorable weather, basic improvements in production practices, extension of the area under cultivation, and extension and improvement of irrigation systems.

Severe floods in the late summer and autumn did considerable damage to crops in ports of India and Pakistan, and also resulted in the damage or destruction of large quantities of foodgrains stored in the villages. India completes the farm program of its first Five-Year Plan with the harvest of 1955-56, but it is already ahead of schedule for 3 major crops--foodgrains, cotton, and oilseeds.

The aggregate of foodgrains in the 3 countries is at a record or near-record level. India's rice harvest is believed to be the second best on record, exceeded only by the large 1953-54 outturn. Excellent soil moisture

in the major wheat growing area at planting time indicate that the 1955-56 wheat harvest will exceed the record 1954-55 crop. Pakistan's 1955-56 rice harvest is believed to be larger than that of 1954-55, but below the large 1953-54 outturn. Due to recent severe flood damage to the irrigation system in parts of West Pakistan, the 1955-56 wheat harvest may be somewhat below the preceding season's outturn. Rice is the only food grain grown in Ceylon. The 1955-56 harvest is expected to be slightly larger than in 1953-54 and 1954-55, when record crops were produced. However, Ceylon still grows only a little over one-half of its rice requirements.



The production of most other food crops will equal or exceed the previous season's outturn. Sugar production is up substantially in India and Pakistan, largely as a result of Government efforts. Production of gram (chickpeas) and other pulses may be down slightly this year. Pulses are an important element in the diet of the people of South Asia. Production of oilseeds, fruits and vegetables show no significant changes from the previous year's level.

Larger cotton harvests are in prospect in both India and Pakistan--materially larger in India. As part of their overall economic development plans, India and Pakistan have underway vigorous programs for the expansion of cotton production. India's goal is the production of 5.8 million bales (392 pounds net) annually by the end of its second Five-Year Plan (March 1961). This compares with the official estimate of 4.3 million bales in 1954-55, and only 2.6 million in 1949-50.

Pakistan plans the rapid expansion of production to 2.5 million bales from the 1954-55 level of 1.4 million bales. Much of the increased production can be expected to enter European and Far Eastern markets in direct competition with United States cotton. Rising production in India in recent years has been, in a large measure, responsible for the sharp decline in sales of United States cotton to that country. Further expansion of cotton production in India will probably result in the almost complete elimination of United States cotton from that market.

Tea is an important export crop for Ceylon and India, and to a lesser extent for Pakistan. The 1955-56 harvests in India and Ceylon are expected to be slightly larger, and in Pakistan slightly smaller. Continued favorable world prices for tea have resulted in some stimulation of production and the reopening of tea estates closed during the postwar tea-price slump in the

early 1950's. Production would have been stimulated to an even greater extent had not the governments of producing countries absorbed by means of enhanced export taxes much of the rise in tea prices.

Over 90 percent of the world's supply of jute is produced in India and Pakistan. Despite widespread flood damage in East and West Bengal, jute production in 1955-56 is expected to be above the previous year's level. India and Pakistan are actively promoting and assisting their jute production and manufacturing industries because of their importance as earners of foreign exchange. When the subcontinent was divided in 1947, most of the jute-growing area went to Pakistan but all the mills were in the territory remaining with India. Since partition India has promoted the spread of jute growing, while Pakistan has vigorously promoted the development of a jute manufacturing industry.

Other important crops produced in exportable volume are tobacco, pepper, cashew nuts, rubber, and copra. The last two are produced in exportable quantities only in Ceylon. That Island's 1955-56 outturn of copra is expected to be well above last season, while rubber production is expected to show little change from the previous season. Cashew production in India will probably be above that of the poor 1954-55 crop, while tobacco and pepper output are expected to remain about the same as last year.

General Economic Situation -- Substantial economic progress has been made in India under the country's first Five-Year Plan, which ends in March 1956. Production of most crops in 1955-56 significantly exceeded the plan's targets. Industrial production has shown a steady upward trend throughout the entire period of the plan, but progress in industry has not been as great as in agriculture. This is partly due to the good growing weather enjoyed during the past 3 seasons, and because the difficult food and fiber situation in 1950 and 1951 caused India to give high priority to farm programs in the first Five-Year Plan. The second plan will place less emphasis on agriculture and more on industry--particularly heavy industry and cottage industries. Unemployment is a critical economic and political issue in India, and the situation is becoming increasingly acute, despite expanding industrial activity. The price trend has been generally downward since the 1950-51 peak. Wholesale prices dropped an average of 11 percent from the first 6 months of 1954 to the first half of 1955. The trade gap widened this year, following declines in 1953 and 1954 in the size of the trade deficit. Imports during the first half of 1955 were about $90 million larger than exports. This compares with a deficit of $65 million during the first half of 1954. Foreign exchange holdings have shown a moderate decline and at mid-year were about 5 percent below a year earlier.

Pakistan continues to be faced with severe foreign exchange problems, which first became acute when world prices for raw materials dropped following the Korean boom. Rigid controls continue on imports, exports, and the use of foreign exchange. Rationing and price control are still necessary for certain essential goods. During the past 5 years Pakistan has been changing from an agricultural to a semi-industrial economy. Industrial production is up substantially; output of cotton cloth and electric power more than trebled from 1949 to 1954.

Ceylon's general economic situation registered further improvement during the past year. Strong world demand at favorable prices for its major exports--tea and rubber--resulted in further easing of foreign exchange and permitted some relaxation of import restrictions and exchange controls. The current food supply is quite favorable with ample supplies of all basic foods, both domestically produced and imported.

Foreign Trade Outlook: Increased domestic production has resulted in a sharp decline in the agricultural import requirements of South Asian countries. Agricultural imports by these countries normally consist largely of wheat (including wheat flour), rice, cotton, and tobacco. During most of the postwar period the United States has been an important supplier of all these commodities except rice. World prices below United States levels for some commodities and the ready availability of most commodities from non-dollar sources nearer at hand have resulted in a distinct worsening of the competitive position of the United States in this area of the world. Combined with increased production within the area this has caused a very sharp drop in United States agricultural exports to South Asia.

In 1956 India may import about a half-million tons each of wheat and rice, primarily for consumption in the major port cities. All requirements for imported rice will probably be filled by purchases from Burma. Australia will probably be the principal supplier of wheat. Due to a rather small wheat crop and to flood damage in the Punjab, Pakistan may import 200,000 to 300,000 tons of wheat. Ceylon will need to import about 200,000 tons of wheat flour. Australia and Western Europe will probably supply Ceylon's requirement. Under long-term agreements, Ceylon is committed to purchase a total of 470,000 tons of rice from Burma and Communist China in 1956. However, Ceylon will not need the full commitment for consumption in 1956 and actual receipt of some purchases is likely to be delayed until 1957. Food grain exports from the area will be rather negligible and will consist of small sales of high quality rice by India and the possible export of some rice from West Pakistan.

Cotton exports from South Asia in 1956 are expected to total at least 1 million bales (500 pounds gross), while imports are not expected to total more than half that amount. Pakistan is the principal cotton exporter and much of its cotton competes directly with United States cotton in European and Far Eastern markets. At the present time India's exports are largely of native types which compete only indirectly with United States cotton. Although India's need for imported cotton is rapidly declining, the required grades and staple lengths not yet produced in sufficient quantities in India will be imported from Egypt, East Africa, and possibly the United States in 1956.

Pakistan did not follow suit when Britain and most sterling countries devalued their currencies in 1949. This gave Pakistan certain short-term trading advantages, but in the long run placed the country's products at a competitive disadvantage on world markets. In view of this, effective July 31, 1955, Pakistan reduced the par value of the rupee by 30.0 percent, from 30.2 to 21 U. S. cents per rupee, the same as the rate for the Indian and Ceylonese rupee. The new rate is intended to stimulate the export of Pakistan's major export products--jute, jute manufactures and raw cotton--and should ensure a

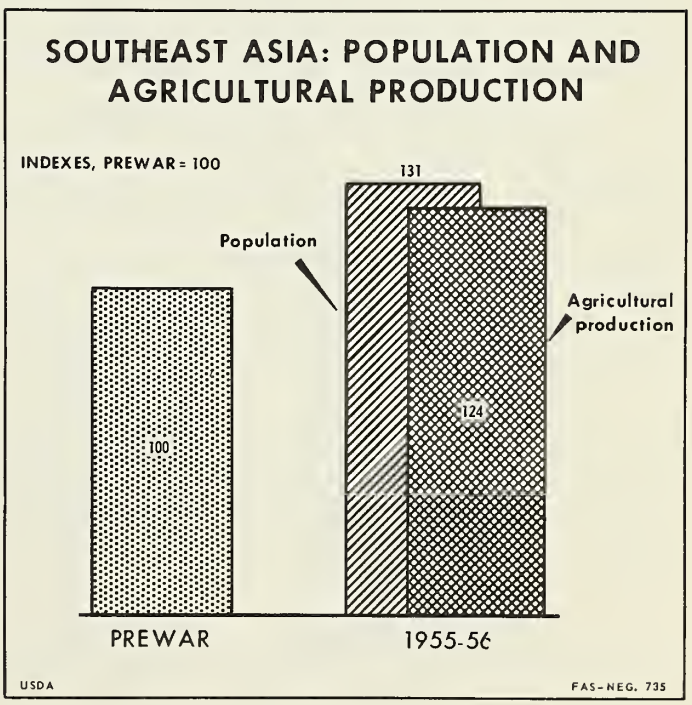
more favorable return to jute and cotton growers. For raw jute the action was largely counteracted by retaining a fixed minimum export price in terms of sterling at old rate. The export tax also remains in effect. Immediately following the devaluation, spot cotton prices rose 20 percent and jute prices rose by one-third. Effective August 1, India abolished all export duties on jute manufactures, a step considered necessary to maintain a competitive position with Pakistan's jute manufactures subsequent to devaluation.

No significant change is expected in the volume or pattern of exports for most of the other commodities normally exported from South Asia. Many of these are tropical commodities, such as rubber, copra, tea, pepper, and cashew nuts, which are non-competitive with United States farm products.

Southeast Asia

Southeast Asia is the world's principal supplier of rice, rubber, copra and abaca. In 1955 production of rice and copra were substantially above that of the previous year, rubber output was practically unchanged, and abaca production somewhat lower. Rice is the principal food crop grown and consumed in every Southeast Asian country. The countries of the area import all or much of their requirements of wheat and wheat flour, cotton, cigarette tobacco, milk products and meat.

In the rice-exporting area of Southeast Asia comprising Burma, Thailand, and Indochina, total 1955-56 production is estimated at 15.0 million short tons, milled basis, compared with 13.6 million last year, and 13.8 million tons prewar. Harvested acreage in Thailand in 1955-56 is expected to equal 14 million acres yielding a crop of approximately 5.7 million short tons of rice, about 1 million above the previous year. In Burma, the 1955-56 crop is expected to be about equal to the previous year's. These countries are expected to have about 3.5 million short tons of rice for export in 1956. Most of the poor-quality stocks of old-crop rice have been disposed of, and undue marketing difficulties are not expected.



Increased rice production is being pushed vigorously by the Government of Thailand by various means, including improvements in the country's irrigation systems and the introduction of improved cultural

practices. The Government's program is designed to result in an increase within the next 3 or 4 years in Thailand's exportable surplus of rice from the present level of around 1.4 to 2.0 million tons.

In Burma, the other major surplus rice-producing country in Asia, rice acreage and production are expected to remain at, or near, present levels. In earlier years the Government's policy was to expand rice production to pre-war levels, but increased competition in world markets has resulted in at least a temporary slowdown in respect to this policy. Current policy is to concentrate on improvements in quality, and in marketing and handling procedures.

With contracts already in existence and expected sales, Burmese exports of rice are likely to be about the same in 1955 and 1956. Thailand is expected to have about the same or moderately larger exportable supplies of rice in 1956 than a year earlier. Both countries will continue to offer large quantities for export, especially in the Japanese market at prices materially below the level of United States support prices.

The Philippines are approaching self-sufficiency in rice, but Malaya (including Singapore) will have to import a substantial portion of its requirements. Indonesian imports will be relatively higher in 1956 than for a number of years.

General Economic Conditions -- The economics of the Southeast Asian countries are largely agricultural and all are dependent upon sales of agricultural products abroad to meet their foreign exchange requirements. In recent years the governments of the area have promoted diversification of agriculture and industrialization in their efforts to become more nearly self-sufficient and less dependent on foreign sources for many essential requirements. To date only limited progress has been made.

The countries of the area are all faced with balance-of-payments difficulties. However, the degree of severity varies considerably from country to country. Balance-of-payments difficulties have resulted in the adoption by Southeast Asian countries of numerous restrictions and controls over imports, exports, and foreign exchange uses. There has been no material relaxation of such controls within the past twelve months. During the past year the balance-of-payments position has deteriorated in Burma and the Philippines, and has improved in Indonesia and Thailand.

Political unrest in the area continues to retard economic progress in the countries of Southeast Asia. In this respect the situation is bad in all countries except Thailand and the Philippines, but some armed resistance against the government still occurs sporadically in the latter country. Armed rebellion against the Government in power appears most serious in Burma and Malaya.

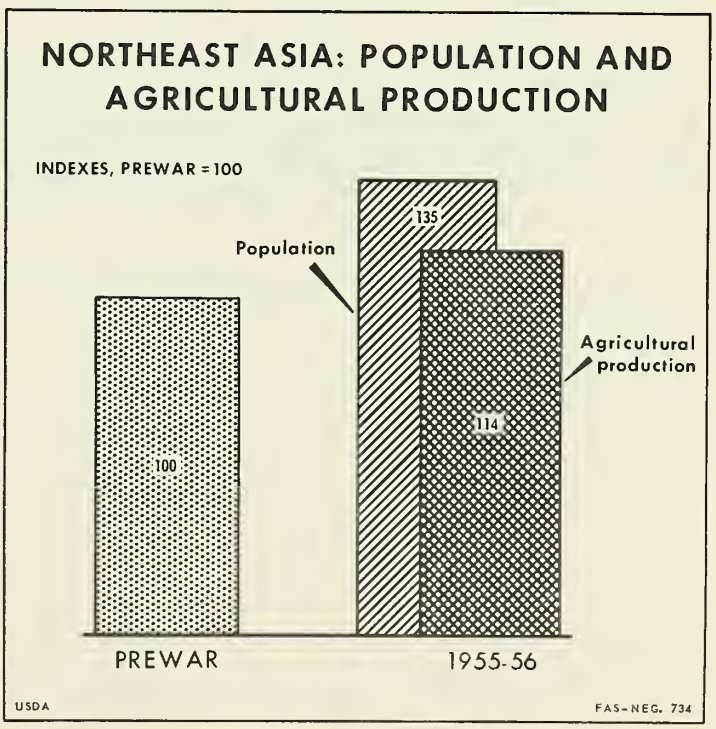
Foreign Trade Outlook -- Southeast Asia is far more important as an exporter than as an importer of agricultural products. However, with the exception of rice, and in this case only in a limited number of markets, very

few Southeast Asian products compete with United States products on world markets, as most of their major exports are tropical commodities not grown in the United States. The area is a market of some consequence for United States tobacco, wheat flour, cotton, and milk products. Imports into the United States from the area are several times as great as exports to the area, and consist largely of rubber, sugar, copra and other coconut products, abaca, and spices. Little change in the pattern of normal United States trade with the area is expected in 1956.

Northeast Asia

Total agricultural production in Northeast Asia (Japan, South Korea and Taiwan) in 1955 was well above the good 1954 outturn. In Japan (the principal United States export market in Asia) total agricultural production was at an all-time record high and new production records were achieved for numerous crops, including the most important one--rice. The outturn of practically all crops in each of the three countries equalled or exceeded last year's production. The most significant exception to the above was a decline in the sweet potato outturn on Taiwan. Despite the favorable agricultural situation, the area will continue in 1956 to be a substantial net importer of agricultural products. Japan is the principal importer as normally it imports about 20 percent of its food, all cotton requirements, and substantial quantities of tobacco, and other agricultural products.

General Economic Situation: In Japan industrial production, as well as agricultural production, achieved new records in 1955. At mid-year 1955 the index of industrial production stood at 185 (1934-36 equals 100), compared with 174 for 1954, 132 for 1952, and 88 for 1950. Exports during the first eight months of 1955 were well above the level of the corresponding period of 1954, and the export boom is expected to continue well into 1956. Exports to the United States during the first eight months of 1955 were 62 percent greater than during the corresponding period of 1954, but still were only half of the value of imports from the United States. This, however, was an improvement over previous years when exports to the United States were only one-third as large as imports from the United States. The difference has been covered by special dollar earnings,



which amounted to $800 million in 1952 but had declined to less than $250 million during the first half of 1955. If the decline in these earnings continues, and if currencies remain inconvertible, it seems clear that Japan will have to increase its exports to the United States or reduce the level of its imports from the United States.

Japan's foreign exchange holdings at the end of June 1955 were $1,131 million, compared to the low of $779 million reached at the end of May 1954. By far the greater part of this increase was in the holdings of sterling, with much less improvement in the dollar and open account holdings. It should be noted that of the total holdings, some $200 million is in restricted credits to Indonesia and Korea and not available for spending. Furthermore, there are deferred liabilities of more than $100 million arising from the financing of imports by sterling and dollar usance and United States Export-Import Bank cotton credits.

Largely because it is necessary to maintain very large armed forces, both Korea and Taiwan are heavily dependent upon foreign assistance to maintain imports of essential goods. Fortunately, both countries are nearly self-sufficient in essential foodstuffs and most other agricultural products except cotton and some tobacco and wheat flour.

Foreign Trade Outlook: Japan is one of the world's leading importers of agricultural products, depending heavily on foreign sources for its supplies of both food and fiber. It ranks among American agriculture's largest foreign outlets, taking first place each calendar year 1951 through 1954. In 1954 Japan took 22 percent of all United States exports of raw cotton, 20 percent of the wheat, 48.5 percent of the rice, and 38.5 percent of the soybeans.

Despite record crops the Government's final foreign exchange budget for the second half (October 1, 1955--March 31, 1956) of the 1955 Japanese fiscal year provides for a higher level of agricultural imports than provided for in the tentative budget prepared earlier in the year. This has been made possible by the improvement of the Government's holdings of foreign exchange funds as a result of improvement in exports.

The budget provides for imports in the October 1955-March 1956 period of the following:

Commodity	Thousands	Unit
Rice	620	M T
Wheat	1,070	T
Barley	413	T
Sugar	480	T
Wool	400	Bales
Cotton	1,140	Bales
Tobacco	3	M T
Tallow	50	T
Soybeans	346	T

A breakdown by sources has been tentatively set, but is subject to substantial change according to prices at the time of purchase. Quantities tentatively set for purchase from the United States are:

Commodity	Thousands	Unit
Rice	50	M.T
Wheat	440	T
Barley	130	T
Tobacco	2.7	M.T
Tallow	50	T
Soybeans	246	T

Tentative Japanese allocations to the whole dollar area: cotton 675 thousand bales, and wool 10 thousand bales.

LATIN AMERICA

Early prospects for 1955-56 agricultural production in Latin America indicate a slight increase over the previous year, and a level of output about 40 percent above prewar. On a per-capita basis, production in countries other than Argentina will be about 12 percent above prewar, Argentine total output will be slightly below prewar and on a per-capita basis one-third below. Exports of agricultural products from Latin America will probably exceed those of a year earlier. They are principally coffee, sugar, cacao, wheat, corn, and cotton.

By and large, agricultural production in Latin America complements that of the United States. Almost half of the agricultural imports into this country come from the 20 Latin American Republics, and consist mainly of coffee, cacao, sugar, bananas, wool, and a variety of tropical and semi-tropical products. Imports of these products in 1955-56 are expected to equal, if not slightly exceed, those of the previous year.

Exports of agricultural products from the United States to Latin America in 1955-56 will probably not exceed a total of $375 million, considerably below the 1952 peak of $560 million and less than the $401 million exported to the 20 Republics in calendar 1954. They will be largely wheat and flour, lard and other fats, rice, dairy products, and processed foods. Reductions in exports to some traditional markets such as Mexico and Cuba are expected to be partly compensated by increased exports to other countries, such as Brazil, resulting from sales under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83rd Congress, as amended).

Production: The slight increase in over-all agricultural production forecast for 1955-56 is accounted for by substantial gains in the northern countries of the area, with production in the southern countries barely maintained at last year's level. In fact, on a per-capita basis Argentine production is expected to decline below that of last year and reach only 63 percent of the prewar average.

Most countries of Latin America have programs to maintain or increase production of food crops through minimum price guarantees or other aids. The food-deficit countries, particularly, are anxious to become self-sufficient. and considerable progress in expanding output has occurred in several countries.

Perhaps the most spectacular increases are in Mexico where total production for 1955-56 was almost 20 percent above 2 years ago and more than twice that of 1935-39. This over-all increase occurred in spite of decreased crops of coffee, oranges, and bananas brought about by extreme drought in some areas and strong winds and floods in others. Abundant rains greatly benefited corn and beans in districts that are normally deficient in rainfall throughout the year. Yields were excellent. The outlook for 1956 is for a record production of irrigated crops, principally cotton, wheat, and winter vegetables.

Total production in Central America may remain about the same as in 1954-55 with the maintenance of export crops at or slightly above the previous year. There may be some increase in banana production above the low levels of the

Latin America: Indices of Agricultural Production by Countries, Total and Per Capita, 1952-53 to 1954-55

(1935-39 =100)

Country	Total			Per Capita		
	1952-53	1953-54	1954-55	1952-53	1953-54	1954-55
Argentina	101	97	95	69	66	63
Bolivia	155	157	158	135	135	135
Brazil	133	142	143	103	108	108
Chile	136	137	142	103	104	105
Colombia	148	159	163	107	114	114
Costa Rica	241	239	255	165	158	167
Cuba	172	176	158	126	129	114
Domincan Republic	133	135	145	93	94	98
Ecuador	209	211	221	167	170	170
El Salvador	148	139	158	119	112	109
Guatemala	142	140	143	109	107	107
Haiti	137	140	113	93	100	87
Honduras	152	154	156	100	96	96
Mexico	194	206	224	127	132	139
Nicaragua	218	260	257	170	200	198
Panama	200	213	214	137	142	140
Paraguay	121	121	126	77	75	74
Peru	157	156	162	119	115	115
Uruguay	144	157	152	121	132	124
Venezuela	158	152	161	100	91	97
Total less Argentina	148	156	158	109	114	112
Total incl. Argentina	133	137	137	97	98	97

Note: Indices for 1955-56 are not shown since Southern Hemisphere crops are not sufficiently advance by January 1, 1956.

previous year. Food crops such as corn, beans, and rice may increase somewhat above the unusually low output of the past year but imports from outside the area will again be needed in 1955-56. This will be particularly true for El Salvador and Guatemala.

Cuba's outturn of food crops will probably be maintained or increased slightly. The 1955-56 sugar crop will again be cut back to approximately 5 million short tons, although it is expected that production of invert and blackstrap molasses will be increased.

Agricultural production in Colombia is expected to continue to increase at a relatively slow rate as it has done for the past several years, with the greatest increases in nonfood crops. Production of coffee may be up by 5 to 10 percent, but cotton and tobacco crops will be little if any larger than during the previous crop year. Venezuela's production of coffee, cacao, and cotton, on the other hand, may be down below the level of a year earlier, although food crops such as corn, rice, beans, bananas, and meat will be in adequate supply.

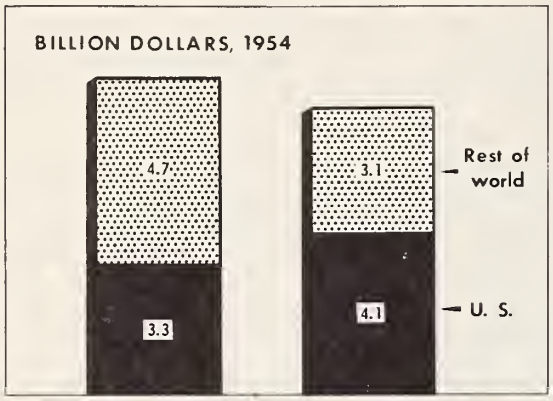
Smaller crops of winter grains are expected in Argentina, with wheat plantings about 12 percent less than in 1954-55. Preliminary forecasts point to a wheat crop of 220 million bushels compared with 282 million in the previous year. The flaxseed crop also will be less, or about 16 million bushels compared with 19 the year before. Spring plantings of sunflower, peanuts, and corn, will be somewhat larger than previously expected due to the recent announcement of increases in basic prices for these commodities. Last year's corn crop was only 105 million bushels but is now tentatively forecast at half again as high for 1956. Wool production prospects are not bright and the wool clip for 1955-56 may be only 350 million pounds.

Over-all production in Brazil will be up in the coming year, lead by an increase in coffee output. The 1955-56 wheat crop promises to be the largest on record with a preliminary forecast of 30 million bushels, up 17 percent from the previous year. Production of corn in 1955 probably was down from the level of 1954 and stocks are reportedly very low at present in the important consuming areas of southern Brazil. The outlook for the 1955-56 rice crop is favorable, although some farmers are discouraged by growing stocks and continued rising costs of production.

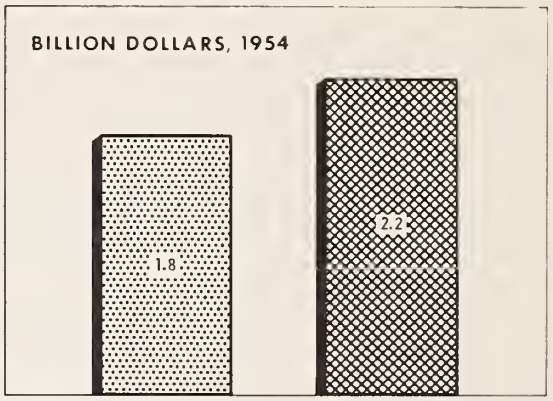
Because of excellent weather conditions, Chile's 1954-55 crop output was larger than that of previous years, but first estimates of the 1955-56 harvest indicate some decline in production. Output of certain fruits and grains will no doubt be affected by the recent adverse weather conditions in the central and northern zones and acreage has been reduced because of low prices and the difficulties encountered in finding markets at the unfavorable exchange rate. Uruguay has a sizable production of both wheat and wool, but has experienced shortages in butter, citrus, potatoes, and corn. Peruvian cotton production is expected to show a decline of 5 percent from the record production of a year earlier but sugar production may increase by more than 5 percent.

LATIN AMERICA
~ U. S. ECONOMIC PARTNER

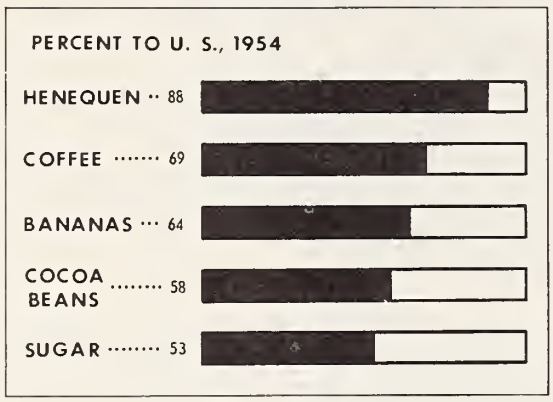
L. A. Foreign Trade is Mainly with U. S.



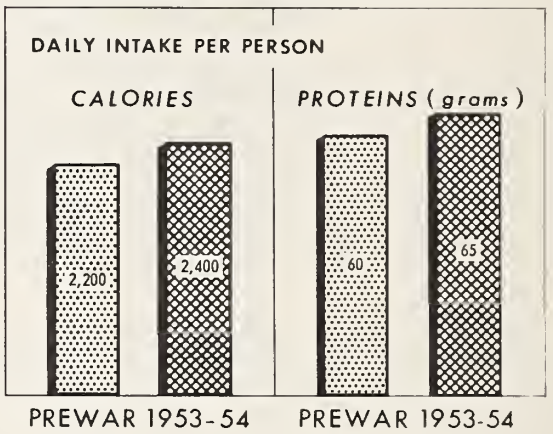
Principal Source of U. S. Agric. Imports



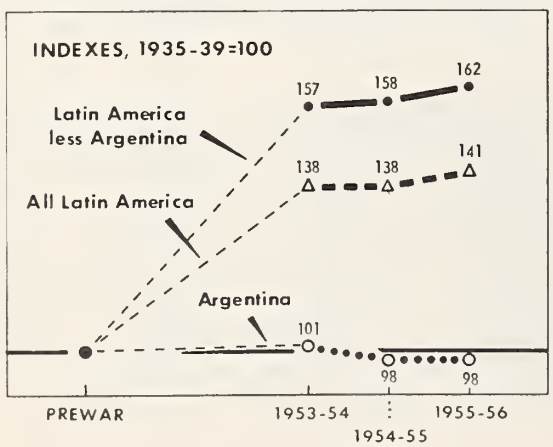
Its Tropical Crops Go Mainly to the U. S.



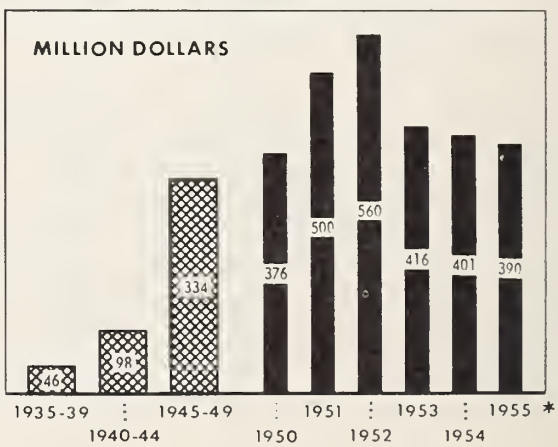
Diets are Gradually Improving



Agricultural Production



Value of U. S. Agricultural Exports



* ESTIMATE

USDA

FAS-NEG. 733

Export Availabilities: For the most part, the principal Latin American export commodities that compete with United States agricultural products in third markets are grains and flaxseed from Argentina and cotton from Brazil and Mexico. Estimated quantities of products available for export and carryover stocks in 1955 and 1956 in Argentina are shown below, together with actual exports in 1955.

	Unit	Supplies available for export and carryover stocks.		
		Estimated 1955	Forecast 1956	Exports 1955
Wheat	Mil. bu.	378	330	129
Corn	" "	25	85	16
Oats	" "	22	15	9
Barley	" "	45	50	17
Rye	" "	17	10	14
Flaxseed oil	1000 S.T.	148	95	132
Wool	Mil. lbs.	330	345	227

Uruguay probably will have 5 million bushels of wheat available for export and about 245 million pounds of wool.

Mexico expects to have an exportable surplus of 1,700,000 bales of cotton from the 1955 crop for marketing in 1955-56. This compares with exports in 1954-55 of about 1,300,000 bales. Usually from 75 to 80 percent of the crop is middling or better but reports this year indicate that no more than half will be of these higher grades. The lower price of cotton during the current season will also affect Mexico's dollar receipts from exports of this commodity. Brazil's supply of cotton for export in the coming year is expected to be 850,000 bales, a reduction from the more than 1 million bales exported last year.

Of the export products that complement United States production, coffee is the most important. Indications are that supplies available for export in 1955-56 will greatly exceed the actual exports in 1954-55. In Brazil, for example, there are expected to be 20.7 million bags of coffee available for foreign export, not including Government stocks. Exports from Colombia may approach the all-time high of 6.6 million bags reached in 1953-54. Banana exports no doubt will reach the level of the past year despite some hurricane damage in Central America and Mexico. With Cuban sugar production again cut back for the coming harvest and with estimated stocks somewhat lower at the end of calendar 1955, exports in 1956 probably will not exceed the 4,500,000 short tons exported in 1955. Production of sugar in other Latin American countries is increasing and export availabilities for 1955-56 will exceed those of the previous year.

On the whole, exports from Latin America in the coming year should provide

as much foreign exchange as in the past year, but with the expansion of domestic production of food crops, more of it may be used for industrial items and debt service rather than for purchase of agricultural products from the United States. Several countries continue to have exchange problems, notably Brazil and Chile.

Demand for Agricultural Imports: Import requirements in Latin America for agricultural commodities during 1955-56 probably will be reduced below the level of the past year. Self-sufficiency programs and good weather have reduced needs in some countries, and a reduced rate of economic activity in others will not allow any increase in the level of consumption.

The principal Latin American markets for United States agricultural products are Cuba, Venezuela and Mexico. Wheat and flour, fats, processed milk, and rice lead the exports to these countries. Mexico, Central America and the Caribbean, together with the 3 northern countries of South America, are important outlets for the above items as well as processed fruits and vegetables.

Cuban imports of wheat flour this season probably will total about 200,000 short tons, almost the same as in the past season. Cured pork is one of the most important commodities imported into Cuba. Quantities have been increasing recently and are expected to maintain this trend during 1955-56. Lard imports also are expected to increase above the previous level. Poultry, eggs, and dairy product imports are expected to remain about the same. Most of these imports are from the United States.

Venezuela will continue to need fairly large quantities of wheat flour, powdered milk, rolled oats, malted barley, eggs, fresh and dried fruits, vegetables and dietary foods during 1956. In general, half of these imports are from the United States.

Import needs for wheat into Mexico before the harvest begins in April 1956 are estimated at 4.4 million bushels, somewhat above last year's total, but considerably less than during previous years. Fats and oils imports in 1955 were reduced below the level of the previous year and forecasts for 1956 indicate that imports will not exceed those of 1955. Imports of dairy products are expected to be no larger than the reduced figure of 1955. Excellent crops in the past 2 years have restored Mexico's self-sufficiency in the production of corn and beans.

Argentina developed an edible oils shortage in 1955, the deficit being filled by cottonseed oil purchases from the United States, partly under the Public Law 480 program. At least 50,000 to 75,000 short tons additional will be required before supplies from 1956 crops become available, if a shortage is to be averted. Chile needs imports of meats, wheat, vegetable oils, cotton, tobacco, forage seeds, and perhaps lard. Faced with a foreign exchange shortage, particularly dollars, Chile will continue to look to soft currency areas or to bilateral trade agreements to supply most of her needs. The agreement with the United States under Public Law 480, however, has opened a new door for some of these products. Peru continues to need wheat and flour, as well

as edible fats and oils imports. Peru also has a Public Law 480 agreement with the United States. Colombia, Ecuador, and Brazil also have such agreements. The agreement with Brazil calls for the purchase of 500,000 metric tons of wheat (18 million bushels) from the United States in the coming year under the Public Law 480 program.

It is expected that other countries of Latin America will continue to take imports of agricultural products from the United States in a volume not less than during the past year.

Impediments to Trade: The Latin American countries employ various forms of import restrictions and trade promotion schemes to protect their trade. These either restrict United States agricultural exports to these countries or increase the competition for United States products in third markets. In some cases a strict system of licensing is used to control imports. Few licenses are granted when foreign exchange is scarce.

During 1955 Argentina, Chile, Brazil, Colombia, Paraguay, and Bolivia were faced with acute shortages of exchange, particularly dollars. This severely cut imports from the dollar area. These imports were further reduced through the use of bilateral trade and payments agreements. Special rates of exchange may be used under these agreements, primarily between soft currency areas, which helps shift trade away from the dollar area. Exchange of commodities through barter arrangements also has the same effect. Argentina has 26 such agreements whereby it exchanges its agricultural products for fuel, industrial items and tropical products, thereby promoting the sale of its products which compete with United States agricultural exports in third markets. Brazil has recently signed agreements with Germany, the Netherlands, and Great Britain, under which the currencies earned from commercial transactions with each of the participating countries are mutually interchangeable.

Chile found it necessary to get most of its agricultural products in soft currency areas during 1955 and, unless its copper sales increase, may continue to look to that area in 1956. It has an "economic union" agreement with Argentina under which trade is license-free and there are exchange concessions. State purchasing agencies such as found in Mexico, Brazil, and Chile make direct purchases of basic commodities, however, which are exempt from import duties, but these agencies are able to control the import of the products they handle.

The application of high protective duties on imports has been resorted to in several countries as well as outright prohibition of the import of selected items. In general this is done when the country wants to protect domestic products against outside competition. For example, Venezuela has excessive import duties on tomato products, Peru on canned fruits and vegetables, Chile on tobacco and canned fruits, Colombia on wheat and flour, and Mexico on dairy products. Most of the Latin American countries desire to become self-sufficient and this is one of their means of accomplishing increased local production of the protected items.

Another form of protection is through the use of multiple exchange rates,

such as are applied in Chile, Uruguay, Brazil, and Colombia. These countries divide the commodities into categories where the effective exchange rate is so high that sales of United States products are severely restricted. In other cases little or no dollar exchange is allocated for imports. Importation of essential goods is often limited further by the total value of the country's foreign exchange earnings. Preferential exchange rates are also sometimes used when there is difficulty in exporting a commodity. Such commodity receives the benefit of a higher rate of exchange set by the Government.

Through the use of Public Law 480, the United States has been able, during 1955, to sell some of its agricultural products in Latin America in spite of the shortage of dollar exchange in the area.

SITUATION BY COMMODITIES

GRAINS

Large world grain crops were harvested in 1955. The production of corn and barley set new records while the wheat and rice crops were only slightly below the all-time records. The upward trend continues in the production of oats and rye, with the 1955 outturns of these crops among the largest since World War II.

World grain supplies are very large because, in addition to the abundant 1955 crops, stocks held at the beginning of 1955-56 were at a high level. In the 4 major grain-exporting countries, the United States, Canada, Argentina and Australia, the total stocks of wheat and corn held on July 1, 1955, amounted to 1,855 and 1,662 million bushels, respectively, new records for that date. Also, "carry-over" stocks in importing countries appeared to be at least as large as a year earlier. Rice stocks held by Asian exporters on December 31,1955, were about 560 thousand tons below a year earlier. On the other hand, rice stocks in the Western Hemisphere and Europe exceed those of a year ago with the United States carrying over more rice than any other country in the world.

Grain prices remained fairly stable during the first half of 1954-55 (July-June) but declined somewhat during the latter half. The International Wheat Agreement maximum price for wheat is $2.05 per bushel and the minimum $1.55 basis No. 1 Manitoba Northern in store Fort William-Port Arthur, Canada. Wheat sales under the Agreement in 1954-55 averaged somewhat below the mid-point of this range. There has been some further decline in wheat prices, especially low-quality wheat, since July 1, 1955.

World coarse grain prices, after remaining fairly firm during the last 6 months of 1954, declined somewhat during 1955. United States corn, c. i. f. United Kingdom, which was quoted at about $2.00 per bushel in January, dropped to $1.86 in June and $1.68 in November. Also, Iraq barley sold at about $1.65 per bushel c. i. f. United Kingdom in January 1955 but declined to $1.35 in June and $1.34 in November.

Export rice prices in 1955 were lower than in 1954; in the principal exporting countries of Asia they declined about 1 cent per pound.

Domestic grain prices in importing countries generally are determined by domestic price support measures and are not necessarily related to import prices.

Breadgrains

The combined world wheat and rye production in 1955 is estimated at 260 million short tons, compared with 250 million in the preceding season and the postwar (1945-49) average of 220 million. Rye accounts for less than one-sixth of the total world bread grain production.

The 1955 world wheat crop of 7,300 million bushels, was only slightly below the all-time record of 7,400 in 1952. The estimated increase of 350 million bushels from 1954 is mainly a reflection of larger crops in Canada,

Turkey and the Soviet Union, the last named country officially reporting a materially larger area in the spring crop. The United States crop was down 6 percent because of reduced acreage.

The 1955 wheat crop in Western Europe, the world's largest importing area, was about 3 percent larger than in 1954. Increases in several countries, notably Italy and the Federal Republic of Germany offset declines in Spain, Portugal, the United Kingdom and Scandinavia. The quality of the European crop was generally much better than in 1954, a factor further tending to reduce 1955-56 import requirements. The 1955 production in Eastern Europe was at least 3 percent above 1954. Growing conditions during the past season were reported particularly favorable in Poland.

The total Asian crop was about 25 million bushels greater than in 1954, with significant shifts occurring among countries. Larger crops were harvested in Turkey, India, and Iran while smaller harvests were reported for Pakistan, Syria and Iraq. Turkey is again entering the export market after being a net importer in 1954-55. On the other hand, Syria and Iraq, normally fairly important exporters, have little wheat for export this season.

In the Southern Hemisphere, the South American crop is estimated to be down somewhat from 1954 but Australia is harvesting a larger crop.

WHEAT: World production, 1955 with comparisons

Continent or area	Average 1935-39	Average 1945-49	1953	1954	1955
	Million bushels				
United States	758	1,202	1,169	970	916
North America	1,086	1,581	1,809	1,310	1,441
Europe	1,600	1,265	1,730	1,720	1,770
U.S.S.R.	1,240	885	-	-	-
Asia	1,558	1,585	1,790	1,790	1,815
Africa	143	134	195	220	190
South America	281	263	330	393	345
Oceania	177	183	203	171	214
World total excluding U. S.	5,327	4,693	6,221	5,975	6,384
World total	6,085	5,895	7,390	6,945	7,300

The recovery of rye production from its post-war low continues although the percent level is below prewar. The 1955 world crop totaled 1,500 million. Most of the world's crop is produced in Central and Eastern Europe and the U.S.S.R. Rye continues to be rather important in the food supply of many areas, especially Northern and Central Europe; it has not been important in international trade.

Rice

World 1/ production of rough rice in 1955-56 is forecast at 135 million short tons, 3 percent larger than a year earlier, and only 2½ percent below the all-time record in 1953-54. It is 20 percent above the postwar 1945-50 average, due both to a larger acreage and higher yields per acre.

RICE (in terms of milled 1/): Production in selected countries, by continents and world 2/average 1945-46 to 49-50, annual 1951-52 to 1955-56

Area	Average 1945-46 to 1949-50	1951-52	1952-53	1953-54	1954-55 3/	1955-56 3/
	1,000 short tons					
Burma	3,518	4,577	4,878	4,690	4,858	4,958
Thailand	4,013	5,410	4,876	6,061	4,322	5,695
Indochina	4,020	4,690	4,790	4,623	4,464	4,380
Rice Bowl	11,551	14,677	14,444	15,374	13,644	15,033
Other countries	56,332	56,496	62,873	67,427	63,503	64,951
Total Asia	67,883	71,173	77,317	82,801	77,147	79,984
United States	1,189	1,534	1,612	1,762	1,972	1,683
Other countries	3,106	3,469	3,556	3,881	3,927	4,227
Total Western Hemisphere	4,295	5,003	5,168	5,643	5,899	5,910
Italy	445	586	687	690	637	637
Spain	188	223	239	290	268	285
Other countries	105	278	319	330	343	378
Total Europe	738	1,087	1,245	1,310	1,248	1,300
Egypt	821	458	382	482	826	936
Other countries	1,829	2,182	2,206	2,425	2,327	2,302
Total Africa	2,650	2,640	2,588	2,907	3,153	3,238
World total	75,637	79,977	86,408	92,752	87,547	90,521

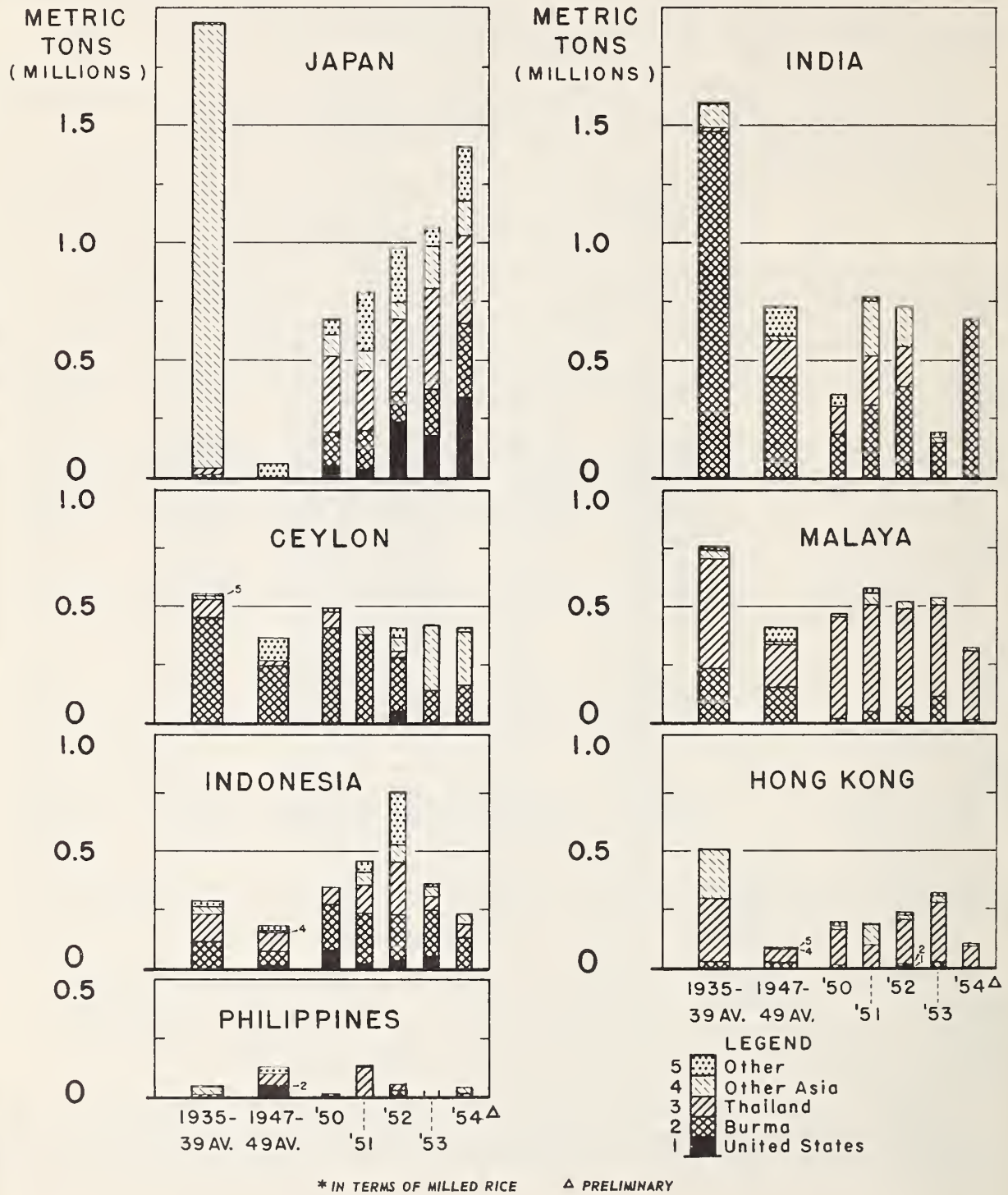
1/ Converted from rough rice at 67 percent. 2/ Excluding Communist China, North Korea, and Soviet Union. 3/ Preliminary.

Principal gains this season are in Asia, notably Japan and Thailand. Europe had a good harvest, Africa is expected to produce the largest crop in history, and prospects in South America are for an increase in production. North America is the only continent having a smaller crop.

Asia's harvest this season accounts for approximately 88 percent of the total world crop, with production in South America and Africa representing about 8 percent of world total. The United States is the tenth largest rice producer and this year harvested 1.9 percent of the world total.

1/ Excluding Communist China, North Korea and the U.S.S.R.

RICE*: IMPORTS INTO PRINCIPAL IMPORTING COUNTRIES OF ASIA BY COUNTRIES OF ORIGIN



* IN TERMS OF MILLED RICE Δ PRELIMINARY

U. S. D. A.

FAS-NEG. 546

World export availabilities of rice at the beginning of 1956 are estimated around 5 percent below a year earlier. All of this reduction is in Southeast Asia, which in 1955 shipped three-fourths of the total rice exports.

RICE (in terms of milled): Exports from principal world areas, average 1936-40 and 1946-50, annual 1953-54, and estimated 1955

Area	Average 1936-40	Average 1946-50	1953	1954	1955 1/
	1,000 short tons				
Burma	3,268	1,074	1,070	1,600	1,800
Thailand	1,460	960	1,473	1,304	1,400
Indochina	1,616	124	223	395	100
Total Rice Bowl	6,344	2.158	2,766	3,299	3,300
Other countries	1,936	160	578	606	930
Total Asia	9,280	2,318	3,344	3,905	4,085
United States	118	481	868	612	600
Brazil	42	161	3	0	0
Other countries	47	150	222	119	140
Total Western Hemisphere	207	792	1,093	731	740
Italy	168	91	268	217	150
Other countries	6	11	149	108	70
Total Europe	174	102	417	325	220
Egypt	138	274	1	54	200
Other countries	17	19	70	73	80
Total Africa	155	293	71	127	280
World total	8,831	3,536	4,965	5,123	5,500

1/ Preliminary estimate.

In contrast to the situation in Southeast Asia, rice stocks have accumulated in other areas. The United States holds the largest quantity of carryover stocks of any exporting country and Italy also has very large supplies. Brazil did not export all of its availabilities in 1955 as the cost of rice production reportedly exceeded the average export prices. Egypt did, however, dispose of large supplies last year chiefly by means of barter agreements.

Rice stocks in Southeast Asia were reduced materially from the end of 1954, when they totaled 1,760,000 short tons - 680,000 tons in Burma, 660,000 tons in Thailand, and 220,000 tons in Pakistan. Considerable amounts of these old-crop stocks were of poor-quality, most of which were exported during 1955. In addition rice moved in 1955 from the new 1954-55 crops.

All exportable stocks in Thailand were disposed of in 1955 and carryover stocks in Burma on December 31, 1955, were estimated at 500,000 tons, most of it fairly good-quality rice. Flood damage caused Pakistan in mid-October to place a temporary embargo on rice exports. As a result of the heavy movement from these countries during 1955, Asian stocks were reduced to about 1,200,000 short tons.

Principal factors in the reduction of large export supplies in Burma and Thailand during 1955 were (1) barter agreements between Burma and other countries, primarily the Soviet Union, (2) a relatively small crop in Thailand, and (3) disposal of low-quality rice at lower prices than other rice. Also, prices of milled rice, other than brokens, in these countries in 1955 were somewhat lower than in 1954; e.g., export prices in Burma in October 1955 were $5.25 f.o.b. for Small Mills Special, 42 percent brokens, as compared with $6,25 in October 1954.

Some prices of high-quality rice quoted in countries outside Asia declined in 1955. The price of Italian milled rice, 5 percent brokens, f.o.b., declined from around $8.00 per 100 pounds in October 1954 to $7.08 in April 1955. In October 1955, the price of this type was reduced still further to about $6.20 per 100 pounds

World trade in rice in 1955 showed a substantial gain over 1954.Preliminary information indicates that most, if not all, of the increase was due to expanded trade in rice between the U.S.S.R., Eastern Europe, and Communist China with other countries. Otherwise, the relatively slow rate of increase which has characterizedworld trade in rice in postwar years continued. Total rice exports in 1955 were still approximately only 60 percent of prewar (1936-40) trade.

Coarse Grains

The aggregate production of the three major coarse grains -- corn, oats, and barley -- reached the highest level of record in 1955.

COARSE GRAINS 1/: World production, 1955 with comparisons

Continent or area	Average 1935-39	Average 1945-49	1953	1954	1955
	1,000 short tons				
United States	87,288	114,176	114,526	115,886	124,574
North America	98,268	127,772	133,436	131,904	143,392
Europe	61,172	50,768	61,488	58,608	60,560
U.S.S.R.	33,600	21,212	-	-	-
Asia	37,776	37,104	43,656	42,700	42,744
Africa	10,440	10,308	13,984	14,072	13,236
South America	18,004	14,784	17,760	15,088	16,876
Oceania	968	1,216	1,940	1,396	1,852
World total, excluding U.S.	172,940	148,988	182,578	174,522	184,006
World total	260,228	263,164	297,104	290,408	308,580

1/ Corn, oats, and barley.

The record 1955 corn crop of 6,100 million bushels, 11 and 16 percent, respectively, above 1954 and the postwar (1945-49) average, reflects a larger United States crop and a significant increase in the Soviet Union. Western Europe's production of 670 million bushels was 9 percent above the poor 1954 crop. An increase is also expected in South America as the Argentine crop to be harvested in April 1956 should be well above the small crop of only 105 million bushels a year earlier. Asia and Africa report about the same production as in 1954.

Production of barley in 1955 also was the largest of record, although the crop of 2,825 million bushels was only slightly above the previous record in 1954. It was, however, 30 percent above the postwar average of 2,170 million bushels. The increase from last year is due primarily to a significantly larger outturn in North America, 650 million compared with 550 in 1954. Both Canada and the United States had large crops. The increased North American crop offset substantial declines in the Soviet Union and Africa.

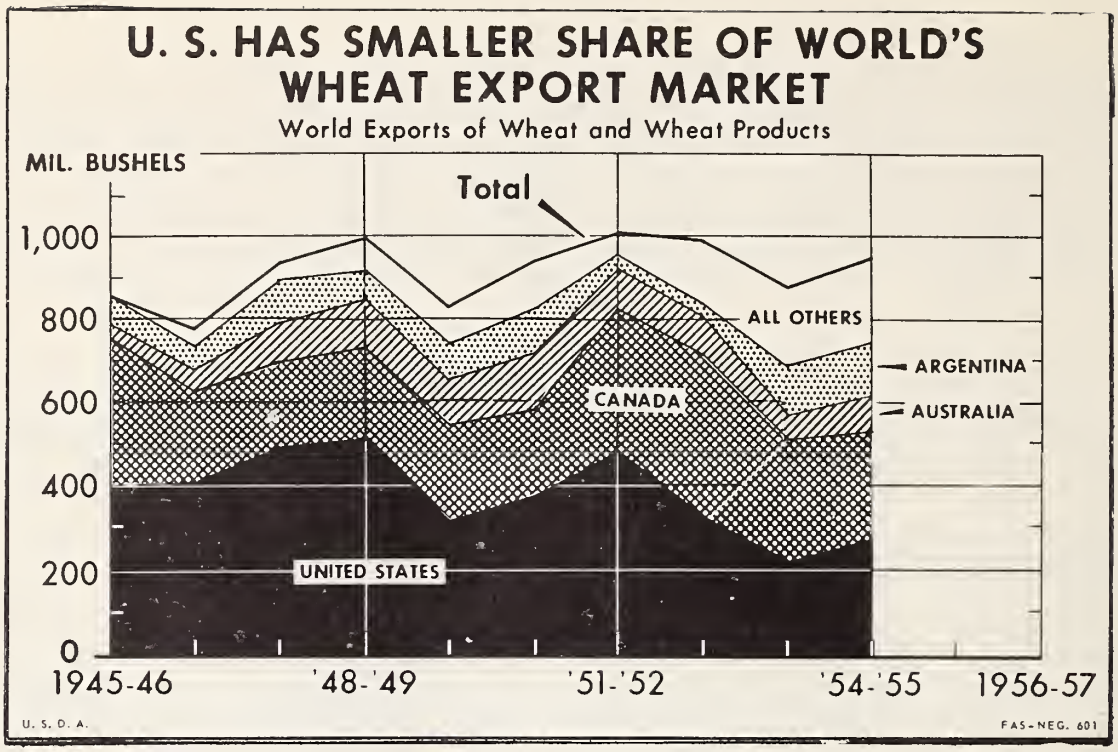
The production of oats continues to increase but is still slightly below prewar levels. The 1955 crop, 4,330 million bushels, is about 35 million above 1954 and 400 million higher than the postwar average. North America's increase, a 2,050 million bushel crop in 1955 compared with 1,800 million in 1954, more than offset a significant decline in the Soviet Union. Changes in other continents or areas were minor.

Trade prospects

World wheat exports in 1954-55 (July-June) totaled about 950 million bushels, an increase of 7 percent from 1953-54. Present indications are that exports in 1955-56 may be close to those of the preceding marketing season despite the large 1955 crop and high-level supplies in many importing countries. Exports in the first 2 months of this season, July-August 1955, exceeded those in this period a year earlier. In September and October total exports from the 4 major exporting countries, the United States, Canada, Argentina, and Australia, declined somewhat -- but France, Turkey, and others were active exporters in this period. If the world's total exports reach 940 to 950 million bushels including flour this season, the United States should, by making full use of existing export programs, be able to move as much as 275 million bushels. The aggregate exports from the other three major exporters -- Canada, Argentina, and Australia -- may be about the same or slightly below the 1954-55 rate. Sweden and France can be expected to export more than a year ago; Turkey shifted from a net importer a year ago to a net exporter; Syria and Iraq have smaller availabilities this season.

Nearly half the world's wheat exports are supplied by "non-dollar" countries compared with only about one-fourth a few years ago. The United States and Canada are the "dollar" exporters and Argentina, Australia, and France are the most important "non-dollar" sources; other non-dollar sources include Turkey, French North Africa, Russia, the Danube Basin, Uruguay, Sweden, and Syria.

Western Europe is the principal recipient of world wheat exports, having taken over half of the total in recent years. in 1954-55, about 61 percent of the total went to this destination.



WHEAT AND FLOUR: World exports, by destination, average 1945-49, annual 1950-51/1954-55

Year beginning July 1	Europe		North, Central and So. America		Asia 1/		Africa 2/		Total
	% of total	Quantity	% of total	Quantity	% of total	Quantity	% of total	Quantity	Quantity
		Mil. bu.		Mil. bu.		Mil. bu.		Mil. bu.	Mil. bu.
1945-49 average	64	565	11	97	20	172	5	44	878
1950-51	54	511	15	145	23	211	8	71	938
1951-52	50	531	16	171	27	284	7	80	1,066
1952-53	54	531	16	154	24	235	6	67	987
1953-54	52	459	16	140	26	230	6	50	879
1954-55 3/	61	577	14	131	20	191	5	44	943

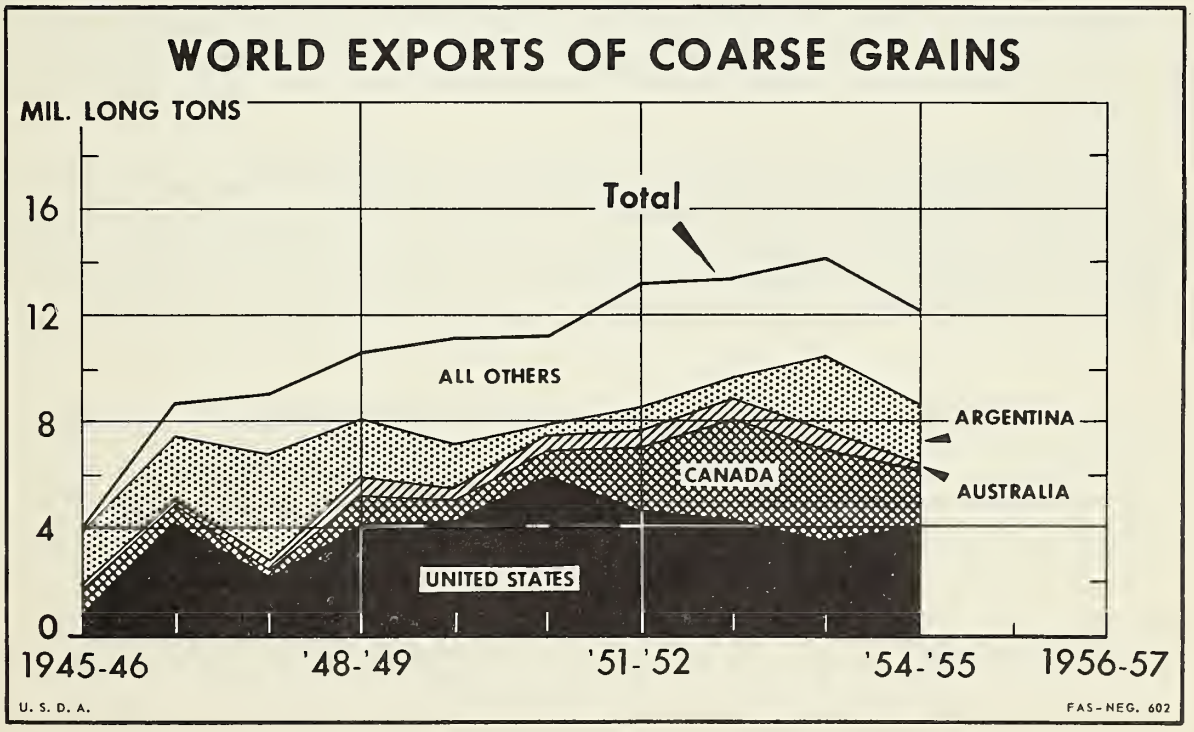
1/ Includes shipments to Oceania. 2/ Includes quantities to "unspecified destinations". 3/ Preliminary.

The quantities of wheat available for export by the exporting countries this season greatly exceed any foreseeable demand by importing countries. The United States supply in 1955-56 is the highest on record (2 billion bushels). This is due to the very large carry-over which accumulated even though the United States production in the past two seasons has been held down by acreage allotments and marketing quotas. The 1955-56 supply in Canada, 990 million

bushels, is near the all-time record level of 1953-54. The Australian wheat crop now being harvested, around 210 million bushels, together with heavy carry-over stocks, results in that country having record quantities of wheat available for export. The Argentine crop also now being harvested, tentatively estimated at about 240 million bushels, is smaller than that of a year earlier -- but this crop, together with the carry-over, provides above-average export availabilities.

As of October 1, 1955, the total supply available for export or carry-over in the four principal exporting countries was estimated at about 2.2 billion bushels, the highest of record for this date. Of this total, the United States had 1.2 billion bushels. The 2.2 billion compares with 2.1 billion a year earlier and less than 2.0 billion two years ago.

The supplies of coarse grains held by exporting countries are more than ample to meet any forseeable demand by importing countries. A general upward trend in world exports of coarse grains during recent years may continue. There was, however, some decline in 1954-55 -- mostly because of a sharp drop in Canadian exports of oats and, to a lesser extent, of barley. Argentina also shipped smaller amounts of oats and barley last season. Partly offsetting these declines were larger United States shipments of all coarse grains except corn. Most of the coarse grains entering international trade channels are used for feeding livestock. However, barley and sorghums are widely used as human food throughout Asia, and corn is similarly used over much of Latin America and part of Africa.



Exports of coarse grains in 1955-56 are expected to be somewhat above the 14.2 million short tons shipped in 1954-55. Increases are occurring both in the numbers of livestock and in the rates of feeding in importing countries. There are indications that the increase in coarse grain production in these countries may not be keeping pace with the greater feeding requirements. The United States is expected to move substantially more than the 4.6 million tons exported in 1954-55 (July-June).

The United States and Argentina are the world's major exporters of corn. The United States has a record supply, but Argentina will have little corn available for export prior to the next harvest, in April 1956. The United States is expected to export considerably more corn in 1955-56 (July-June) than the 81 million bushels shipped in 1954-55. A substantial corn surplus in the Union of South Africa points to strong competition from that country during 1955-56 and 1956-57. The country expects to export about 40 million bushels during the current marketing season.

Canada, the world's leading exporter of barley, has a 1955-56 supply of 339 million bushels. This is very large, though well below the all-time record of 374 million in 1953-54. The United States harvested another large crop which, together with a record carry-over, results in a record supply for 1955-56. United States exports may increase about 40 percent from the 44 million bushels exported in 1954-55.

Ordinarily, only small quantities of oats move in international trade. The United States has a record supply this season, and Canada and Argentina have moderately large supplies. No significant increase is expected in exports in 1955-56.

Grain Sorghums have become increasingly important in the coarse-grain export market during the postwar period. The United States is the most important supplier, exporting about 35 million bushels during 1954-55 (July-June). Indications point to a substantial increase in United States shipments in 1955-56, probably double those of last season.

COTTON

The world supply of cotton for 1955-56, estimated at 61.8 million bales, is 3.3 million higher than a year earlier and a new record high. World production also constitutes a new record high and world consumption is expected to be nearly equal to the 1954-55 record.

However, world production during the past 4 years (1951-54) has exceeded world consumption by a total of nearly 10.0 million bales with the result that end-season world stocks increased by that amount between 1951 and 1955. The increase in United States stocks amounted to 8.8 million bales or 90 percent of the world increase.

More than 50 percent of the world's cotton stocks had accumulated in the United States by July 31, 1955, while most other countries, both exporters and importers, had reduced their stocks to minimums in anticipation of some action on the part of the United States Government to reduce the price of cotton for export. Prices of foreign growths of cotton declined sharply during 1954-55 for the same reason and at the beginning of the 1955-56 season they were as much as 8 cents a pound below those for similar quality United States cotton.

As the 1955-56 season opened on August 1, there was an atmosphere of suspense in foreign cotton markets as importers purchased only for current minimum needs and exporters of foreign growths offered their cotton at lower prices in an effort to liquidate their holdings before anticipated reductions in prices of United States cotton for export. Export sales programs now in effect or announced for operation after January 1, 1956, include limitations intended to avoid any serious reaction in world markets that would be detrimental to foreign competitors and holders of stocks. The quantities of United States cotton involved in the programs are not large enough to stimulate exports sufficiently to bring them up even to the 1954-55 low level.

World cotton production in 1955-56, currently estimated at 40.6 million bales (of 500 pounds), is 2 million bales above that of a year ago, which was a record high at that time. Half of the increase occurred in the United States. The United States increase is attributed to a 22 percent rise in average yield per acre that more than offset a 12 percent reduction in acreage under the production control program. The increase in foreign production was due almost entirely to an increase in acreage.

World cotton consumption in 1954-55, estimated at 36.6 million bales, is 800,000 bales higher than the previous record figure of 35.8 million reported for 1953-54. World consumption has increased steadily since the end of World War II but has not kept pace with the rise in production. Most of the increase has taken place in countries that produce cotton and have high industrial development and higher standards of living.

World stocks of raw cotton increased rapidly during the past 4 years to 21.7 million bales at the beginning of the current season. This figure ex-

Cotton: Acreage and production in major countries, areas, and world average 1935-39; annual 1954-55 and 1955-56 1/

Major Countries	Acreage			Production		
	Average 1935-39	1954-55 2/	1955-56 2/	Average 1935-39	1954-55 2/	1955-56 2/
	1,000 acres	1,000 acres	1,000 acres	1,000 bales	1,000 bales	1,000 bales
Mexico	725	1,820	2,685	334	1,780	2,050
United States	27,788	19,251	16,882	13,149	13,696	14,663
Total N. America	28,642	21,444	20,058	13,523	15,825	17,169
U. S. S. R.	5,087	4/	4/	3,430	4/	4/
India	3/24,204	18,350	19,000	3/ 5,348	4,250	4,200
Pakistan	3/	3,185	3,100	3/	1,300	1,400
Turkey	667	1,440	1,480	249	650	675
China	7,038	9,600	4/	2,855	3,100	4/
Syria	85	463	500	28	365	365
Total Asia	33,805	34,771	36,201	9,038	10,297	10,566
Brazil	5,562	4,500	4/	1,956	1,630	4/
Argentina	770	1,350	4/	289	530	4/
Peru	428	540	540	379	510	495
Total S. America	7,060	6,875	7,376	2,711	2,877	3,056
Egypt	1,821	1,639	1,885	1,893	1,598	1,806
Anglo-Eg. Sudan	439	685	4/	248	407	4/
British E.Africa	1,876	2,158	4/	356	354	4/
Total Africa	6,176	7,654	7,953	2,840	3,167	3,437
World total	81,142	78,330	79,498	31,689	38,410	40,585

1/ Crop year beginning August 1. Production in bales of 500 pounds gross weight.
2/ Preliminary. Pakistan included with India. 4/ Not available.

Cotton: Exports by country of origin, averages 1934-38 and 1945-49; annual 1951-52 through 1954-55 1/

Country	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Mexico	105	343	972	992	951	1,253
United States	5,296	4,065	5,711	3,181	3,914	3,585
India	2,746	568	123	292	104	209
Pakistan	3/	3/	919	1,273	898	634
Turkey	84	69	261	433	377	233
Syria	12	8	169	181	183	322
Brazil	1,065	1,116	347	145	1,412	1,020
Argentina	133	48	5	271	157	120
Peru	337	301	307	398	361	330
Egypt	1,747	1,451	908	1,727	1,485	1,081
Anglo-Egyptian Sudan	257	287	398	267	413	298
British E. Africa	4/ 334	4/ 285	340	445	341	375
Belgian Congo	4/ 133	4/ 208	187	212	199	180
Other	643	1,424	1,727	2,294	2,261	2,571
World	12,892	10,173	12,374	12,111	13,056	12,211

1/ Data relate to year beginning August 1. Bales are equivalent 500 pounds gross weight.
2/ Preliminary. 3/ Pakistan included with India. 4/ Calendar year prior to 1947.

ceeds estimates for all peacetime years except 1938 and 1946. More than 50 percent (11.1 million bales) of these stocks were located in the United States. Stocks in possession of the United States Government, accumulated prior to that date under price support programs, had reached 8.1 million bales or 37 percent of the world total.

In January 1955, prices of foreign growths of cotton were approximately equal to those of comparable qualities of United States cotton. A steady decline in prices of foreign growths that began soon after that month may be attributed to prospective large crops abroad, large surplus stocks in the United States and market rumors that United States Government action to reduce prices of cotton for export was imminent. Prices of United States cotton declined slightly to the loan level while prices of foreign growths continued downward to a current level for some growths as much as 8 cents a pound under United States prices. United States prices in recent months have been approximately the same or below the loan rate of 33.75 cents per pound for Middling, 15/16 inch cotton at the 14 spot markets.

World trade in cotton under these conditions declined to 12.2 million bales in 1954-55 compared with 13.1 million a year earlier. The decline is attributed to a reduction in stocks and in consumption in nearly all net importing countries except India. Declining prices were the principal cause for reductions in trade, stocks, and consumption in these countries which account for nearly all world trade in cotton. United States exports amounted to only 3.4 million running bales in 1954-55. Exports during the first 3 months of the current season totaled only half of that for corresponding months last year but some improvement is expected after January 1 when a new export program to sell up to 1 million bales becomes effective.

The outlook for cotton is that trade and consumption in 1955-56 will be at least as high as in 1954-55 provided most of the uncertainty regarding price trends can be removed from the market and confidence can be restored in stable world prices at whatever level they reach.

United States production is expected to be reduced in 1956 by further restrictions of acreage to 17.4 million acres compared with 18.2 million allotted and 17.5 million planted last year. The sharp decline in prices of foreign growths during the past year probably will result in some reduction in foreign production in 1956-57 and a little increase in consumption and inventories in importing countries. However, since world production in 1955-56 is expected to exceed world disappearance (consumption plus destroyed) by about 3.5 million bales, world stocks will probably be increased by this amount.

TOBACCO

World production of tobacco in 1955 totaled 8.1 billion pounds. This was 2.3 percent higher than 1954 and 12.7 percent greater than the 1947-51 average. Most of the increase in production occurred in Asia, while North and South America, Africa and Oceania showed slight decreases. World production of flue-cured--the principal type entering world trade--increased 223 million pounds with larger supplies available in the United States and Asia.

World tobacco production has been stimulated by an increase in cigarette consumption.

Estimated world production, by types, averages 1935-39 and 1947-51, annual 1954 and 1955, farm sales weight 1/

Type	Average 1935-39	Average 1947-51	1954	1955
	Million pounds			
Flue-cured	1,261	2,024	2,503	2,726
Burley	339	609	745	615
Other light air-cured	121	128	158	149
Dark air-cured	3,051	2,461	2,529	2,507
Light sun-cured	752	854	788	830
Dark sun-cured	186	246	327	344
Fire-cured	162	152	115	110
Oriental	650	729	781	849
Total	1/ 6,530	2/ 7,215	7,946	8,130

1/ Includes 8 million pounds unidentified by type. 2/ Includes 12 million pounds unidentified by type.

Production of flue-cured tobacco in the major foreign producing countries, (either present or potential competitors of the United States), has increased substantially since prewar. Foreign production of this type has increased from about 30 to 45 percent of total world production since 1935-39. It is the most important type of United States leaf tobacco moving into export channels and accounts for about 80 percent of all United States tobacco exports.

Consumers' preference for cigarettes, especially cigarettes containing a high percentage of light tobaccos, has resulted in a much more important position for such tobaccos in world production and trade. Production of the principal cigarette types, flue-cured, Burley and oriental, account for more than 50 percent of world production in contrast to about 33 percent prewar.

World tobacco production by continents, averages 1935-39 and 1947-51. annual 1954 and 1955, farm sales weight 1/

Continent	Average 1935-39	Average 1947-51	1954	1955 2/
	Million pounds			
North America	1,685	2,466	2,710	2,700
South America	308	382	492	489
Europe (including U.S.S.R.)	1,181	1,218	1,265	1,286
Africa	149	258	289	279
Asia (excluding U.S.S.R.) 3/	3,200	2,883	3,178	3,365
Oceania	7	8	12	11
Total	6,530	7,215	7,946	8,130

1/ Calendar year. 2/ Preliminary. 3/ Excludes Manchuria.

World exports of unmanufactured tobacco from major exporting countries, averages 1935-39 and 1947-51, annual 1953 and 1954, export weight 1/

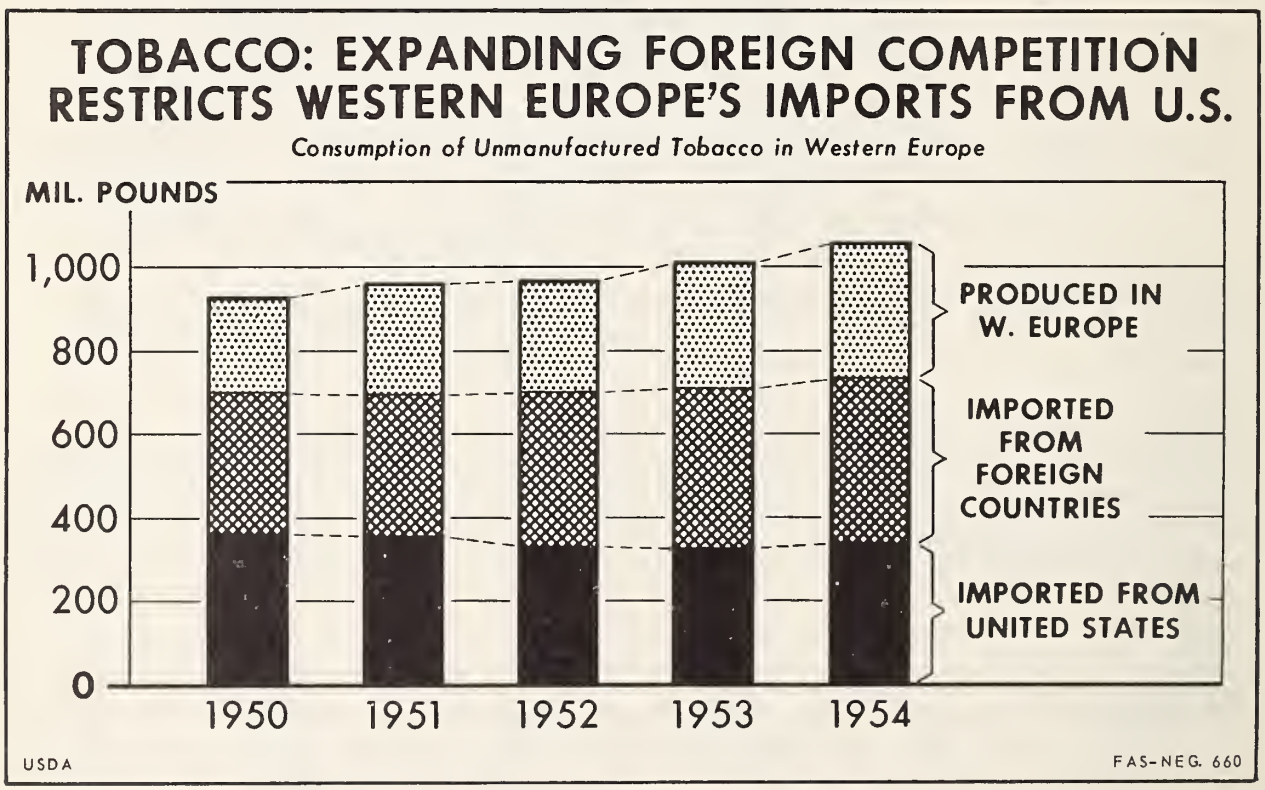
Country	Average 1935-39	Average 1947-51	1953	1954 2/
	Million pounds			
United States	421	486	519	454
Southern Rhodesia	19	68	81	101
India 3/	44	87	70	74
Canada	17	23	29	32
Greece	98	52	108	116
Turkey	76	124	158	139
Indonesia	100	16	32	43
Dominican Republic	14	35	21	27
Philippine Republic	37	10	26	22
Brazil	71	68	53	62
Cuba	28	29	36	44
Italy	13	11	27	36
Algeria	27	24	28	34
Yugoslavia	10	22	14	13
All others	69	82	99	96
Total	1,044	1,137	1,301	1,293
Percent U. S.	40.3	42.7	39.9	35.1

1/ Excludes Soviet Bloc countries and China. 2/ Preliminary.
3/ Fiscal year beginning April 1 of the year shown.

Prior to World War II, the United States share in total world flue-cured exports was about 85 percent; in recent years it has been between 60 and 70 percent. Such advantages as preferential tariffs, bilateral trading arrangements, guaranteed purchases, state trading, and strict control over allocations of dollars for tobacco purchases have given foreign countries the incentive to expand flue-cured production to ever-increasing levels.

The changes in production are reflected in the pattern of international trade. Exporters of light cigarette tobaccos have expanded their markets, while cigar and dark tobaccos have become much less important than in prewar. This trend is reflected in the level of movement from the principal tobacco exporting countries.

Exports from the United States, Southern Rhodesia, Canada, India, Turkey and Greece are larger than prewar. World exports of cigar and dark leaf, included together, are less than prewar. The United States share of the free world tobacco exports of all types declined from 40 percent prewar to 35 percent in 1954 due to restrictive measures erected against United States leaf at a time when the United States has held by far the largest supply of the types of tobacco in greatest demand. United States exports of leaf tobacco during 1955 were about one-eighth larger than in 1954 and the United States share in total exports increased also.



United States leaf is preferred in many countries, but various trade barriers have prevented the full realization of the export potential. These barriers have encouraged the export and use of tobacco produced in other countries. However, Western Europe continues to be the principal market for United States leaf.

Tobacco consumption in Western Europe continues its upward trend. Consumption of United States leaf has been declining slightly, as a result of stepped-up domestic production and larger takings of other foreign leaf through various trade and purchase arrangements.

During 1955 about 45 million pounds of United States tobacco were exported under the Agricultural Trade Development and Assistance Act of 1954, (Public Law 480, 83rd Congress, as amended). It is expected that exports under this program in 1956 will at least equal the 1955 level.

FATS AND OILS

World supplies of fats and oils in 1956 are expected to be about the same as the record levels attained in 1954 and 1955. Accumulated stocks have been virtually liquidated in the United States and elsewhere, but moderate gains in production leave the total supply picture about unchanged.

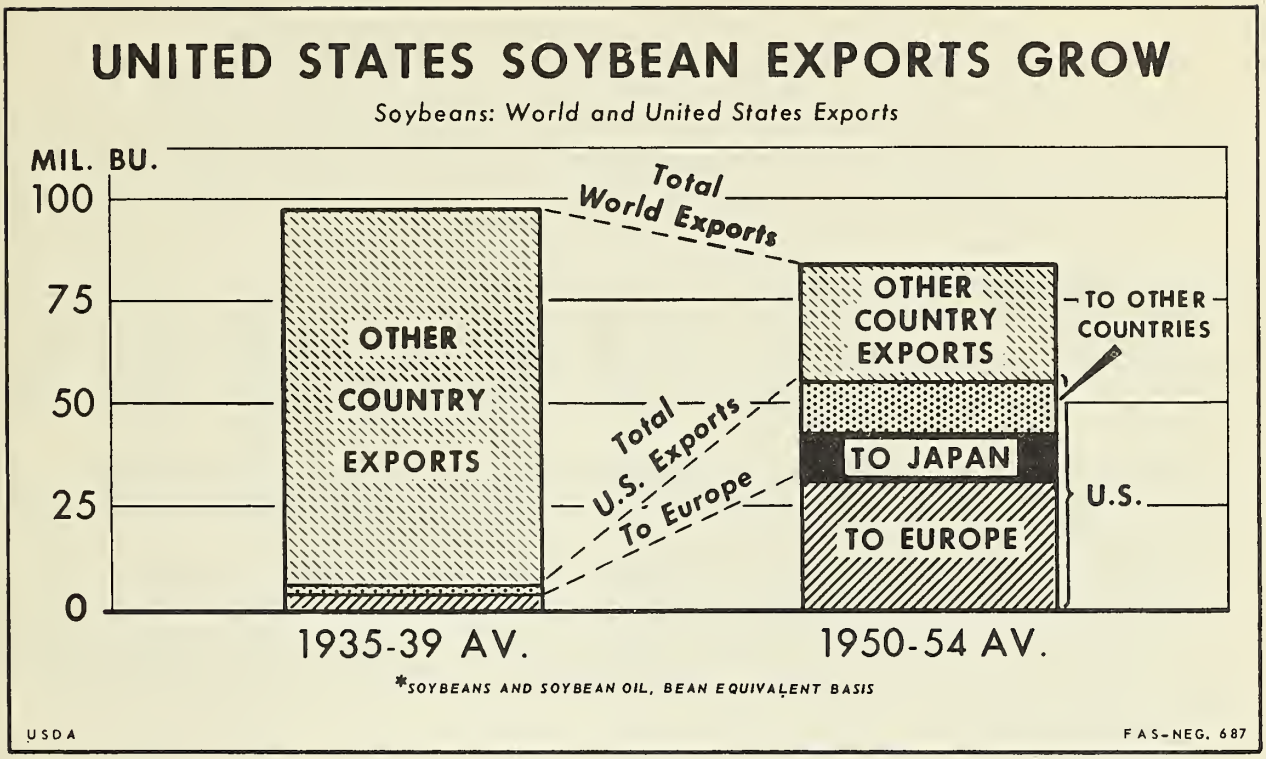
The estimated world production of fats and oils in 1955, including the oil equivalent of the oilseeds and tree-crop materials grown and harvested in 1955 is just over 28 million short tons - a new record by a small margin. Compared with prewar and the immediate postwar period, production in recent years has increased substantially so that per capita supplies are holding at essentially the prewar level. The rapid expansion of synthetic materials which have displaced natural fats in the industrial field, in turn has permitted large quantities of fats and oils (especially palm oils) to be transferred from industrial to food uses.

The production of fats and oils in a given calendar year, as estimated here, to a large degree is that which is available for consumption and trade in the following year. Thus, in addition to the animal fats and marine oils actually produced, the total figure for any given year includes--less certain allowances for seed, feed, food uses, and losses--the oil equivalent of the oilseed and tree-crop materials grown and harvested in the Northern Hemisphere, and the oil equivalent of oilseed and tree crops grown in the Southern Hemisphere whose harvests normally begin before the close of the calendar year.

Although overall world supplies have been relatively stable, there have been a number of offsetting production developments between individual items and major groups, and between countries. Because of the large number of items (22) involved no country breakdown is shown here. However, certain country highlights are mentioned below in the discussion of the 5 major groups of fats and oils shown in the accompanying table on world production.

Edible Vegetable Oils: World production of edible vegetable oils from raw materials produced in 1955 is expected to be slightly higher than the output produced from 1954 crops. The leading seed oils - cottonseed, soybean, and peanut - are indicated to have increased about 6 percent to new record levels, largely because of increased production in the United States. This more than offsets an expected reduction in the Mediterranean olive oil output of about 200,000 tons (20 percent) and moderate decreases in sunflower seed and sesame seed.

It is significant that the 3 leading edible vegetable oils should each reach record levels in 1955. The trend of production of these oils has been gradually upward. In the case of cottonseed oil, the anticipated increase is due mainly to a large crop in the United States which accounts for about one-third of the total production. However, because of expanding cotton production outside the United States, increases are foreseen in most of the major producing areas except India. Only a minor proportion of the seed is crushed for oil in India but the trend there is upward. World production of soybeans is at an all time high with two-thirds of the increase from 1954 explained



by the United States, an estimated one-fifth by China-Manchuria and most of the remainder by a better crop in Japan. Again in the case of peanuts, the increase of 70 percent in production in the United States contributed heavily to the new world record. Harvests in Africa are also expected to be considerably greater than last year. India's crop, which accounts for over one-third of world production, is indicated to be near the high level of 1954 and the crop is reported to be better than last year in China.

Coconut and Palm Oils: World production of palm oils as a group continued an upward trend in the 4-million-ton range and exceeded the previous record of 1954. Coconut oil production rose slightly and more than offset a moderate decline in the production of palm kernel oil. Among the major producers of coconut oil, there were increases in the Philippines, Indonesia and Ceylon which more than offset a decline in Malaya.

Palm oil production in the Belgian Congo increased substantially compared with 1954. However, production in Nigeria, the leading producing country, declined considerably compared with the previous year. Some decrease is also indicated for Indonesia. No significant changes have been reported for Malaya or for minor producing areas.

Industrial Oils: Production of industrial oils from 1955 crops is expected to be larger by about 7 percent than in 1954, largely as a result of increased production of flaxseed and rapeseed. Flaxseed production may be larger by about 14 percent with increases indicated in all major producing countries of the world except Argentina, with by far the most significant increase in Canada. Rapeseed production likewise is indicated to have increased in major producing countries such as India, Japan and Pakistan with the only significant decrease occurring in Sweden.

FATS, OILS AND OILSEEDS: Estimated world production, averages 1935-39 and 1945-49, annual 1952-1955

(1,000 short tons - fat or oil equivalent)

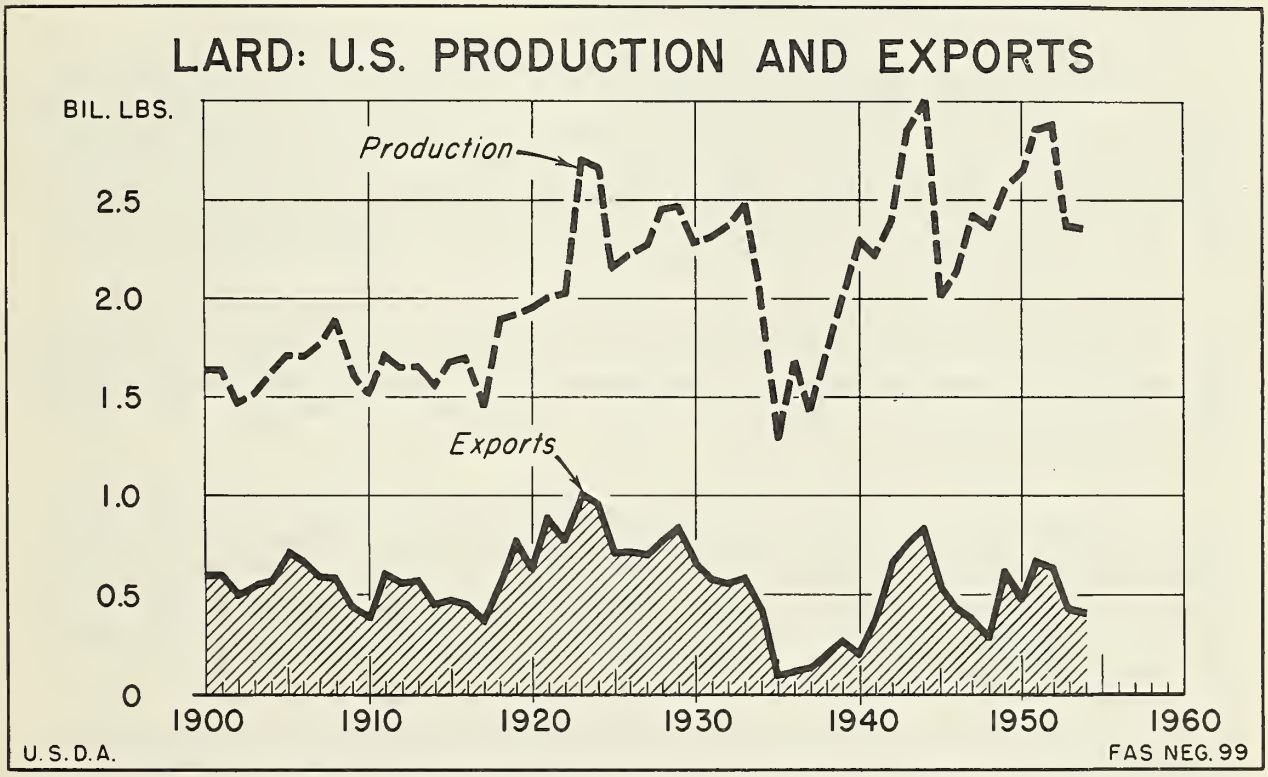
Commodity	Average 1935-39	Average 1945-49	1952	1953	1954	1955 1/
Edible vegetable oils 2/:						
Cottonseed	1,720	1,345	1,905	2,075	2,080	2,195
Peanut	1,665	1,880	1,875	2,015	2,000	2,110
Soybean	1,355	1,615	1,975	1,905	2,095	2,230
Sunflower	620	830	950	940	920	900
Olive oil	970	915	845	1,275	1,050	835
Sesame	720	705	765	755	760	735
Total	7,050	7,290	8,315	8,965	8,905	9,005
Palm oils 3/:						
Coconut	2,140	1,630	2,075	2,010	2,170	2,200
Palm kernel	400	335	425	445	470	460
Palm	1,090	1,000	1,270	1,345	1,385	1,385
Babassu kernel	30	20	30	30	35	40
Total	3,660	2,985	3,800	3,830	4,060	4,085
Industrial oils 2/:						
Linseed	1,145	1,100	1,050	992	1,040	1,190
Castor bean	200	210	230	240	235	230
Rapeseed	1,330	1,575	1,815	1,630	1,670	1,745
Citicica	10	12	5	9	10	15
Tung	150	118	126	123	105	95
Perilla	65	5	6	6	5	5
Total	2,900	3,020	3,232	3,000	3,065	3,280
Animal fats:						
Butter (fat content)	4/ 4,280	5/ 3,450	3,640	3,860	3,960	3,775
Lard	3,500	3,070	4,210	4,000	4,015	4,225
Tallow and greases	1,550	2,000	2,420	2,720	2,760	2,850
Total	9,330	8,520	10,270	10,580	10,735	10,850
Marine oils:						
Whale	545	280	460	420	455	415
Sperm whale	30	40	85	55	75	85
Fish (including liver)	480	275	445	460	510	480
Total	1,055	595	990	935	1,040	980
Estimated world total	23,995	22,410	26,607	27,310	27,805	28,200

1/ Preliminary. 2/ In the case of vegetable oilseeds, oil production has been estimated by assuming for each of the various crops that a certain proportion was crushed for oil. The years shown refer to the years in which the seed was produced and not necessarily when the oil was extracted. 3/ Estimated on the basis of exports and the limited information available on production and consumption in the various producing areas. 4/ 1934-38 average. 5/ 1946-49 average.

Castor bean production apparently declined moderately with an increase in India more than offset by small declines in Brazil and elsewhere. Reliable information is lacking on total tung oil production because of the important influence of China. World production probably decreased, however, because of smaller outputs in Argentina and a near crop failure in the United States.

Animal Fats: Production of animal fats in 1955 appears to have reached a record 10 million tons with increases in lard and tallow and greases more than offsetting a decline from 1954 in world butter production. Compared with 1945-49 total animal fats production increased by 2.3 million tons or 27 percent. (See also section on "Milk and Dairy Products".)

World lard production (including unrendered hog fat in terms of lard) in 1955 will be substantially larger than the 8 billion pounds produced during 1954. Most of the increase will be in the United States, but production is larger in almost every major pork producing country. A further moderate increase is expected. Hog slaughter is expected to increase in the United States, Canada and Mexico, but is likely to be relatively unchanged in Western Europe. It will be smaller than during 1955 in South America and Oceania.



The United States produces about a third of the world's lard and is by far the largest exporter. About the only countries in the world which export lard in competition with the United States are Canada, Denmark, The Netherlands, Belgium-Luxembourg and France.

United States exports of lard during 1955 are expected to be considerably above the total of 465 million pounds shipped during 1954. Exports are likely to continue large again in 1956 with increased domestic output and favorable export prices.

Exports to Cuba have continued at a high level. Relatively large shipments to the United Kingdom have been made under foreign aid programs. Since January 1955 large commercial exports to the Federal Republic of Germany have been made under an open licensing arrangement. Other major export outlets have been Mexico, Yugoslavia, Austria and The Netherlands.

World production of tallow and grease in 1955 continued at a very high level, and a further increase is in prospect for 1956. Estimated production in 1954 of 5.5 billion pounds was nearly 80 percent above the prewar average. The increase in recent years has been largely the result of increased cattle slaughter in the United States, which accounted for over one-half of the world's output of tallow and grease during 1954.

European production of tallow and grease has continued to increase since the end of World War II and at present is above prewar levels. This area however, is still a net importer. Other important producers are Canada, Mexico, Argentina, Brazil, Colombia, Uruguay, Australia and New Zealand, but Australia and New Zealand are the only exporters of importance. Production in Argentina was at a low level in 1954 and exports were small, but production increased sharply in 1955 and exports are likely to be much larger in 1956.

United States exports of tallow and greases in 1955 are expected to exceed last year's total of about 1.2 billion pounds. With larger supplies and low prices, exports are likely to continue large again during the year ahead. United States exports accounted for about 80 percent of the soap fats moving in international trade in 1954.

Western Europe, which has been the destination of more than half of United States exports, will probably continue to import sizeable quantities despite the prospect of greater local production. Also, large shipments are likely to be made to Japan, which has usually been the largest single export market. Large exports of soap fats have also been made to Mexico, Egypt, and the Union of South Africa.

Marine Oils: Output of marine oils in 1955 apparently declined from 1954 by about 6 percent and fell just below the million ton mark reached in the prewar years and in 1951 and 1954. Whale oil production dropped with a reduced whale catch in the Antarctic during the 1955 season and fish oils output was indicated to be less in Northern European countries. On the other hand, Sperm whale oil production increased.

U. S. and World Exports: World exports of fats and oils have trended upward since World War II and reached a postwar record of 7.3 million tons in 1954. Based on incomplete data for 1955, trade appears to have held near this level. Thus about 25 percent of world production now enters world trade.

While total exports have been increasing gradually, exports from the United States more than doubled between 1950 and 1955. The percentage of total trade accounted for by the United States rose from 15 to 27 percent.

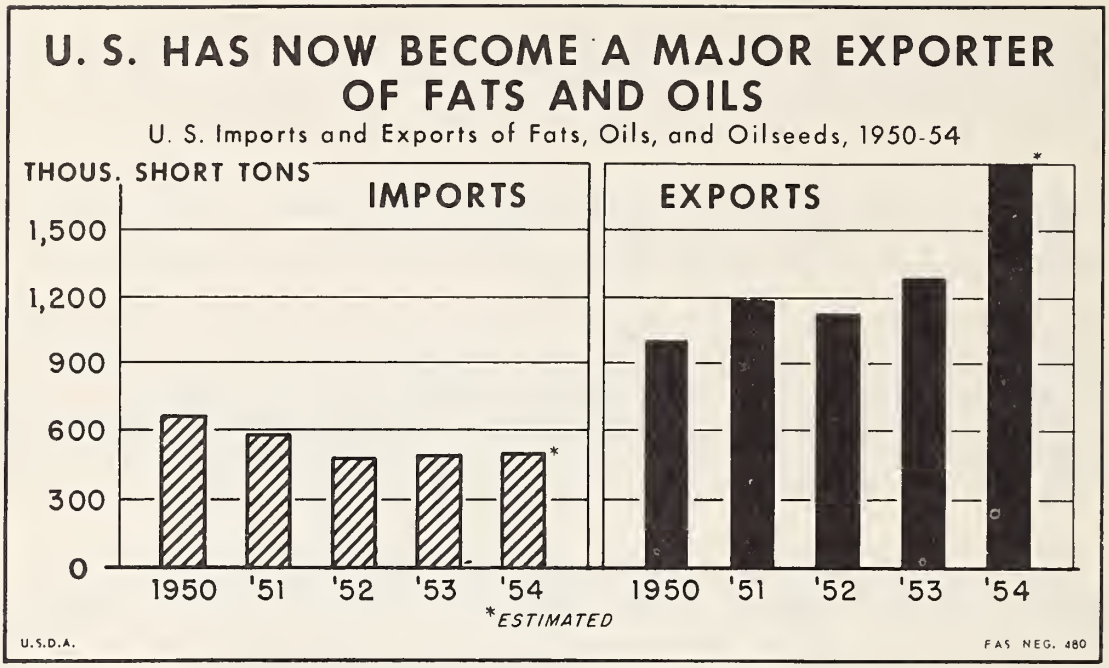
The phenomenal rise of the United States as an exporter is the outstanding postwar development in fats and oils. Because of large supplies of animal fats and vegetable oils, the United States increases have occurred in these items. The achievement of the United States is particularly significant when it is considered that palm oils as a group make up the largest item of world trade and none are produced here.

FATS, OILS, AND OILSEEDS: World and United States exports, 1950-55

(1,000 short tons - fat or oil equivalent)

Commodity	1950	1951	1952	1953	1954	1955 1/
Edible vegetable oils:						
World	1,430	1,419	1,210	1,420	1,810	1,855
United States	352	454	293	287	638	750
Other	1,078	965	917	1,133	1,172	1,105
Coconut and palm oils:						
World	2,227	2,387	2,260	2,190	2,365	2,380
United States	-	-	-	-	-	-
Other	2,227	2,387	2,260	2,190	2,365	2,380
Industrial oils:						
World	730	740	475	630	885	680
United States	47	46	28	46	317	176
Other	683	694	447	584	568	504
Animal fats:						
World	1,160	1,161	1,250	1,440	1,465	1,585
United States	520	629	709	842	854	995
Other	640	532	541	598	611	590
Marine oils:						
World	630	690	675	670	745	710
United States	38	25	23	54	71	60
Other	592	665	652	616	674	650
Grand total:						
World	6,177	6,397	5,870	6,350	7,270	7,210
United States	957	1,154	1,053	1,229	1,880	1,981
Other	5,220	5,243	4,817	5,121	5,390	5,229
Percent United States	15	18	18	19	26	27

1/ Preliminary.



Supplies of fats and oils in the United States during the 1955-56 marketing year will be at record levels. Beginning stocks were smaller but output will increase sufficiently to more than offset reduced stocks. Since this supply is far in excess of probable domestic use, exports will need to be as large as the huge quantities shipped out last year if a rebuilding of large stocks is to be avoided.

Prospects for continued heavy exports appear favorable. Overall production outside the United States declined somewhat and several countries are short of fats and oils as the result of reduced crops. Most important in this respect is the short olive harvest in the Mediterranean basin and the poor sunflower seed harvest in South America.

Such countries as Spain, Italy, Greece and Argentina are expected to import large quantities of edible vegetable oils to cover domestic requirements until the next harvest. The United States is likely to be the principle supplier because of the large quantities available for export at attractive prices through commercial sources and because United States Government programs will enable some countries to purchase substantial quantities with their own currency.

Normal exports from the United States are also expected to continue large because of the need abroad, the availability here, the favorable prices, and the improved dollar position of many of the importing countries. Soybean exports, mostly to Western Europe and Japan, are expected to exceed last year's record of 60 million bushels. Exports of soybean oil and lard also are expected to increase. Among the edibles, only cottonseed oil exports are expected to decline, following the liquidation of large holdings by the Commodity Credit Corporation mainly through export channels.

Price Outlook: With world supplies about in balance with world demand, prices of fats and oils should hold around the levels of late 1955 until new crops are harvested. Generally lower prices in the United States as a result of large production and reduced price support levels on oilseeds are especially important to world price levels. Individual items can always be expected to depart from the general level within the limits of interchangeability, but relative price stability would appear in store based on the outlook for supply and markets.

SUGAR

World sugar production continues to rise, despite crop restrictions in some of the larger producing areas of the western hemisphere. World consumption of sugar also continues to increase. However, belief is that the increase in world sugar consumption has been insufficient to reduce any part of the world surplus accumulated since the 8-million-ton Cuban crop of 1952. This is reflected in the world free market price which, in early December 1955, was quoted at 3.13 cents per pound, f.o.b. Cuban ports, about the same as a year earlier.

Production

World production of centrifugal sugar for 1955-56 is estimated at 41.1 million short tons, raw value, or about 600,000 tons above the estimates for the previous two seasons and 41 percent above the prewar (1935-39) average of 28.5 million tons. Total output has been restricted in additional producing areas, particularly those supplying sugar to the United States. While output has decreased there, a sizable increase has taken place in Eastern Europe, Soviet Russia and Asia.

Marketing

The world free market price during 1955 fluctuated with short-run influences which could not change the over-all picture for more than a few months. Early in the year, the knowledge that requirements of India would not reach the anticipated extent was more than offset by unexpected large purchases in the free market by Soviet Russia. These purchases greatly strengthened the world price for sugar. The unexpectedly large shipments of Brazil after the first quarter of 1955 were only partially offset by the inability of Eastern Europe to fulfill export quotas to the free market.

Metropolitan France made large net exports to non-French areas; the net imports of the United Kingdom continued to decline; and estimates of the crop of 1955-56 in Europe rose. As a result of these and other factors, the world price declined to 3.13 cents per pound in early December and the over-all situation differed little from the previous year as the marketing season of 1956 drew near.

Outlook

As in the previous year, the year 1955 closed with world prices below the minimum 3.25 cents per pound specified under the International Sugar Agreement. Export quotas for 1956 were lowered to 10 percent of the basic export tonnage. Once again, the world free market became dependent upon windfalls during

Centrifugal Sugar (raw value): Production in specified areas, averages 1935-39 and 1945-49, annual 1952-53 to 1955-56

Area	Average 1935-39	Average 1945-49	1952-53	1953-54	1954-55	1955-56
	1,000 short tons					
U. S. and Territ.	3,959	3,979	4,405	4,737	4,901	4,705
Cuba	3,183	5,898	5,687	5,391	4,994	5,000
Philippines	1,058	382	1,134	1,435	1,371	1,208
U. K. and Brit. Comm.	4,542	4,793	6,235	6,524	7,230	7,273
French Union	1,386	1,006	1,453	2,209	2,293	2,130
Other North America	949	1,307	1,820	1,895	1,965	2,035
Other West Europe	2,760	2,458	4,238	5,187	4,737	4,721
Eastern Europe and U.S.S.R.	5,686	3,698	4,790	6,300	5,705	6,405
Other Asia	2,801	736	2,096	1,973	2,156	2,377
Other South America	1,905	2,805	3,901	4,321	4,675	4,760
Other Africa	307	373	441	482	515	512
Total production	28,536	27,435	36,200	40,454	40,542	41,126

the year to strengthen the world price. Large crops in India and the Soviet Union make it unlikely that these countries will purchase considerable quantities of sugar in the market during 1956 as they did in 1955. Europe continues to produce at high levels; and the importing areas of Asia continue the policy of increased output to meet increased consumption.

On the other hand, the International Sugar Agreement has at least stabilized world prices at between 3.05 and 3.43 cents following its inception on January 1, 1954. World consumption continues to increase and the rate of such increase may now exceed the rate of increase for world production. In that event inflated sugar reserves may become a benefit rather than a handicap, providing a foil with which to offset fluctuations of output in beet sugar areas of the world.

POTATOES

World potato production in 1955 appears to have been considerably below the large outturn of 1954. The North American potato crop was 10 percent larger than in 1954. Both Canada and the United States had crops well above normal requirements and prices are lower than a year earlier.

The European crop is about 10 percent smaller than the large crop of 1954, but it is well above both the postwar and prewar average. Unusually dry weather along the North Sea coast, and in the British Isles and Scandinavian Countries reduced yields. The size of the tubers was below average. The

southern European crop was normal. Since food and industrial uses have first claim on the potato supply, fewer potatoes will be available for livestock feeding than in 1954-55, when the crop was very large. Somewhat more feed grain will be required in view of the increased numbers of livestock.

PULSES

The 1955 crop of dry beans, peas, lentils, and garbanzos for the world outside of the Soviet bloc and excluding a large unreported production of garbanzos, beans, and lentils in India, is indicated to be approximately 4 percent below 1954. Bean, lentil and garbanzo production was below 1954.

The crop of peas was larger, particularly in Western Europe, where the weather was favorable, in contrast with 1954 when peas were damaged by wet weather at harvest. The North American crop, with the United States the largest producer, was smaller by 20 percent.

Except for a shorter crop in Brazil, the bean crop was larger in 1955. Brazil reported a 16-percent reduction. The North American and Asiatic crops were mostly above 1954 and the Western European crop about the same. Combined, however, these increases were more than offset by the drop in Brazil.

The outturn of lentils was much below 1954 in the important centers in southern Europe and the Middle East. Total production was lower by 12 percent. The garbanzo crop was lower in southern Europe, the Middle East and Central America and total production fell off 7 percent.

FRUITS

Apples and Pears: Winter apple production (excluding cider apples) in 1955-56 was the lowest in many years. Smaller crops were produced principally in Northern Europe and in the United Kingdom. The United States crop was about average, while Canada's production is the largest in years. Pear production in the Northern hemisphere is somewhat less than the postwar average in Europe and slightly above average in North America.

There is a good demand for apples in European markets but the quantity of this fruit which United States exporters will supply will depend largely on the competitive price situation in early 1956. Opportunities for United States pear exports are more limited than for apples but may be helped by a more favorable price structure.

Citrus: World citrus production continues to increase in nearly all producing areas. Producers in the Mediterranean basin have the largest crop in several years following crops cut by the freeze in the winter of 1953-54. Prices realized by Mediterranean exports in the forepart of the marketing season have averaged about 10 percent below last year. In view of the supply and price situation and the high freight cost, United States citrus sales to Europe this winter will be less than last year. From late spring on, however, there will be good opportunities in Europe for American citrus. Realization of this

opportunity will depend, however, on the size of the summer fruit crop.

Raisins: Export prospects for United States raisins in 1955-56 are favorable in face of a smaller foreign raisin pack and continued strong demand abroad. Foreign production in 1955 is estimated at 250,000 short tons, or about 40,000 tons less than in 1954. United States production is estimated at 220,000 tons, compared with 167,000 tons in 1954. The Turkish pack is much below normal due to severe spring frosts and the Australian pack is below the usual quality due to rains at drying time. Prices for the main competing growths are higher than last season. Major foreign suppliers may be sold out before the end of the marketing season.

Prunes: Exports of prunes from the United States in 1955-56 are expected to be lower than in the past 2 seasons as a consequence of the small United States pack, unusually strong United States prices, and large foreign pack. Foreign production in 1955 is estimated at 80,000 short tons compared with only 28,500 tons in the previous year. This is the "on-year" for the major foreign producer, Yugoslavia, following its "off-year" in 1954. The 1955 United States crop is estimated at 139,800 tons, in comparison with 177,500 tons in 1954. However, the usual European market for United States prunes of sizes larger than those produced by Yugoslavia is limited this season by the exceptionally high prices prevailing in the United States for the larger prunes.

SEEDS

Grass and legume seeds are grown over wide areas throughout the world, and comprehensive world estimates of production are not available. However it appears that a larger crop will be produced in 1955 than a year earlier. Production in Europe, notably Denmark, the United Kingdom and France was well above 1954.

World supplies appear more than adequate to meet expected requirements in 1955-56. The supply of alfalfa is far in excess of the usual demand. Supplies of ladino clover are moderately large despite the poor Italian crop. Ladino may be substituted this season, to a large extent, for white clover because of the short supply and higher prices for the latter. The United States has large quantities of tall fescue(Ky 31 and Alta) but it appears unlikely that any significant amounts will be exported because of limited demand by European importers.

The utilization of grass and legume seeds in 1954-55 was below average, as high prices discouraged the purchasing of available supplies. As a result, carry-over stocks from the 1954-55 season were higher than expected earlier.

In Europe, indications point to an exportable surplus of most kinds of grass and legume seeds. Denmark's 1955 harvested acreage was much larger than usual. However, the annual ryegrass crop was adversely affected by winter freeze. The United Kingdom also harvested a large seed crop in 1955. A year earlier that country imported large quantities of seeds. This year it is offering considerable quantities of several kinds of seed for export. Supplies of red clover are much larger than usual. Orchard grass, as well as a number

of other kinds, will be exported in competition with supplies from Denmark and North America.

French seedsmen also reported better harvests than in 1954 and estimate substantial exportable surpluses. The 1954 harvests were very short and, although there was considerable export of seeds in 1954-55, imports also were much larger than usual. This season, France expects to export crimson and red clover, alfalfa, birdsfoot trefoil and, probably some of their special variety of annual ryegrass (Mayenne.)

Ireland, Belgium, Germany and Switzerland import the major portion of their seed requirements. These countries will buy substantial quantities of seed this season. In view of the significant drop in world prices, it is quite likely that price will largely determine the source of supply.

The current price level of seeds, after being on a very high level in 1954-55 has declined sharply. Current prices, on the average, are only about one-half of the rate a year ago.

MEATS

Livestock numbers throughout the world are at a record high. Cattle and sheep numbers have been increasing steadily for nine years. Indications are that world hog numbers also are being maintained at record high levels, as numbers hold steady in Western Europe and increase in North America.

World meat production continued to increase in 1955 to a new record, and a further increase in output is likely during 1956. Production in the principal countries of the world, exclusive of the Far East, during 1955 totaled around 85 billion pounds, 2 to 3 percent above 1954 and about 25 percent above prewar.

Meat production in all major geographic areas is now greater than in prewar with the smallest relative increase in Europe. The increase for Europe as a whole is estimated at 5 percent, but the increase for Western Europe is around 17 percent. Production in North America is estimated to be 63 percent greater than prewar. Output in Oceania is up 23 percent, and in South America it is around 15 percent greater than the 1934-38 average. In Western Europe present production has increased at least 50 percent from the low of 1946 and much of this increase has been in the output of pork.

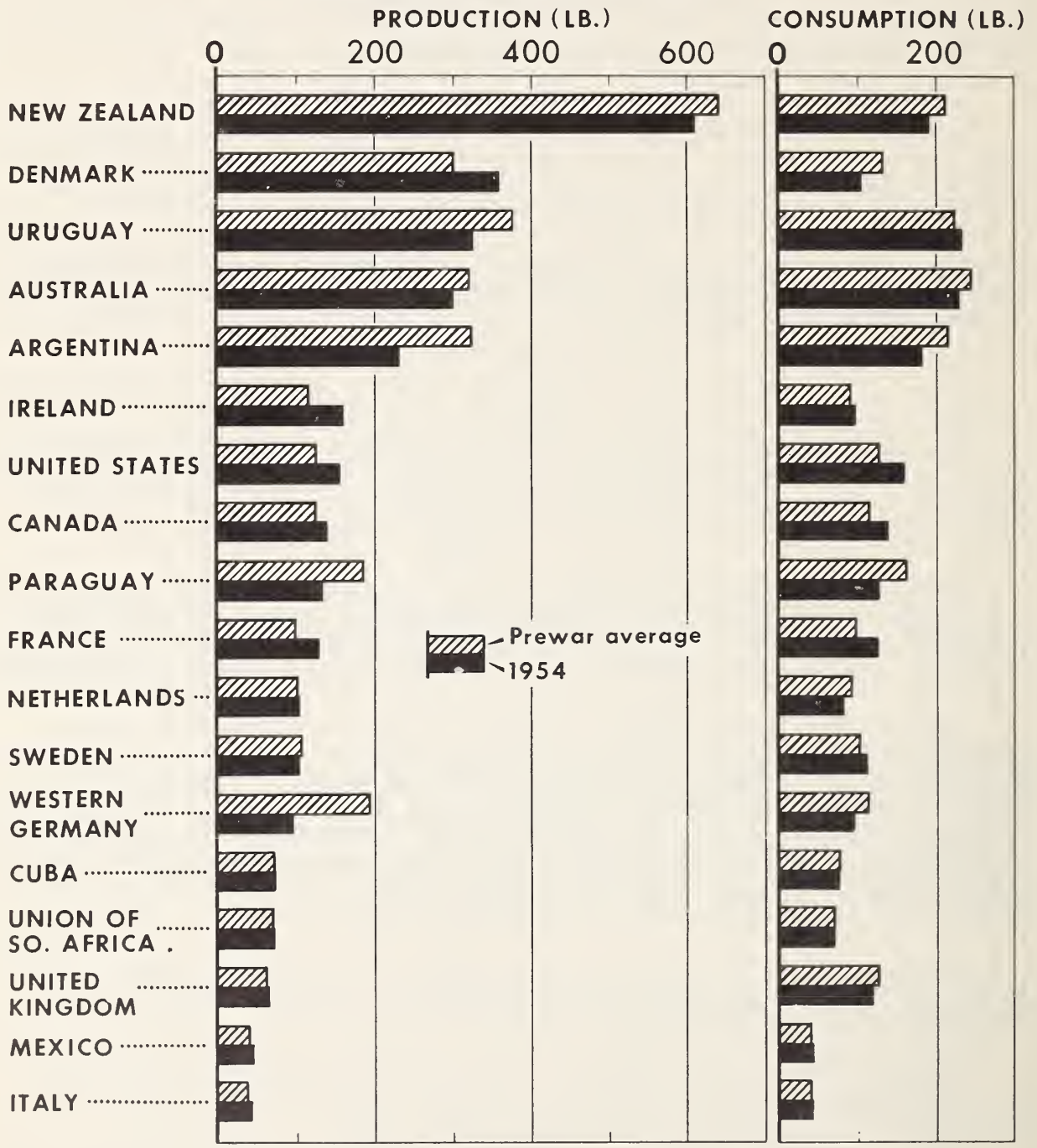
Growing prosperity and rising price levels in the United Kingdom and most of the other countries of Europe are resulting in stronger demand for the increased meat production in that area.

Reduced pork output in prospect during 1956 in the United Kingdom may result in larger import requirements as that country normally imports around 70 percent of all meat entering international trade.

Pork production in Western Europe established a new postwar peak during 1955 but may not increase again during 1956. Production in Denmark may be below 1955 in the first half of 1956, but probably will be larger in the second half. Pork production in North America will continue to increase in 1956 with

MEAT*: PRODUCTION AND CONSUMPTION PER PERSON, SPECIFIED COUNTRIES

Prewar Average, and 1954



*BEEF, VEAL, PORK, LAMB, GOAT AND HORSEMEAT ON A CARCASS WEIGHT BASIS EXCLUDES OFFAL, LARD, RABBIT AND POULTRY MEAT

USDA

FAS NEG. 725

moderate gains expected in Canada, the United States, and Mexico. The increased output in the United States may result in declines from the recent high levels of imports of canned hams and other pork from European countries.

Beef output during 1956 will probably continue large in Canada, the United States, France, the United Kingdom, Australia, and New Zealand. Increased output is also in prospect in Argentina.

Output of beef in the United States has been particularly large in recent years. Production increased from 8.8 billion pounds in 1951 to around 13.6 billion in 1955, and is expected to continue at about that level in 1956. Production of all meats has increased steadily from 21.9 billion pounds in 1951 to around 27 billion in 1955.

Consumption per person in the United States was at a 47-year high of 161 pounds in 1955 and is likely to be near that figure in 1956. Elsewhere in the world, consumption per person has increased also, but there are a number of important meat-producing and meat-importing countries where it has fallen off.

MEAT 1/: World Production, by Continents or Areas, Averages 1934-38 and 1946-50, Annual 1953-55

Area or Continent	Averages		1953	1954	Prelim. 1955	1955 compared with	
	1934-38	1946-50				1954	1934-38 average
	Million pounds					Percent	
North America	18,600	25,800	28,300	29,100	30,260	+ 4	+ 63
Europe	28,800	20,100	28,100	29,500	30,100	+ 2	+ 5
U.S.S.R. 2/	7,100	3/	3/	3/	3/	-	-
Middle East 4/	1,100	1,300	1,600	1,600	1,610	+ 1	+ 46
Rep. of Philippines	N.A.	125	181	192	192	-	-
South America	8,400	10,100	9,700	9,500	9,690	+ 2	+ 15
Un. of So. Africa	670	920	960	940	950	+ 1	+ 42
Oceania	3,200	3,300	3,800	3,900	3,940	+ 1	+ 23
Total 5/	68,000	67,145	80,816	82,907	85,042	+ 3	+ 25

1/ Carcass meat basis excludes offal, lard, rabbit and poultry meat. 2/ Prewar territory. 3/ Estimates included in the total. 4/ Includes Iran, Iraq, Turkey and Egypt. 5/ Total for 42 countries which produce about 93 percent of the world output, exclusive of China.

MILK AND DAIRY PRODUCTS

The past year recorded several significant changes in the world dairy picture. Free trade in dairy products was resumed in the United Kingdom with the expiration of the last of the long-term contracts, that with Denmark. Australia and New Zealand reduced guaranteed prices to farmers and the Swiss moved to protect further the domestic butter industry from imports and the margarine industry.

The United States offered government stocks of dairy products for export at reduced prices approximating world levels and attempted to broaden the market for dairy products through sales for foreign currencies under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).

Production: World production of milk during 1955 was down about 1 percent from 1954. Adverse weather conditions in most of Europe and parts of South America were responsible for the abrupt check in the pattern of increased milk production registered during the last several years.

Prospects for 1956 indicate that milk production will be somewhat larger than 1955 and may surpass the 1954 level.

From the accompanying table of approximate world milk production it will be noted that over half the world output is in North America and Western Europe.

Milk: Production by Areas and for the World, Prewar, Annual 1951-55

Area	Prewar	1951	1952	1953	1954	1955
	Million pounds					
North America	126,000	136,000	139,000	146,000	149,000	149,000
Western Europe	190,000	193,000	192,000	202,000	208,000	203,000
USSR and Satellites	105,000	92,000	91,000	96,000	98,000	96,000
Middle East	10,000	13,000	13,000	13,000	13,000	13,000
Asia	44,000	62,000	63,000	65,000	65,000	65,000
Africa	18,000	24,000	23,000	24,000	26,000	26,000
South America	18,000	25,000	28,000	30,000	29,000	29,000
Oceania	21,000	22,000	23,000	24,000	24,000	25,000
World total	532,000	567,000	572,000	600,000	612,000	606,000

World production of butter during 1955 approximated 9,100 million pounds, about 5 percent below 1954, the postwar high, and 12 percent below the prewar average.

Of the major butter-producing countries, only Australia registered a production consistently above that of 1954. The other major countries all showed some declines during the year from comparable months' productions in the preceding year. In Europe the summer and fall drought was responsible for lowered butter output and in some countries deliveries of milk to creameries decreased considerably from 1954. Argentina's output was curtailed because of drought conditions and in the United States and Canada there was a slight shift to other uses.

Estimated World Butter Production 1/ by Areas
Prewar, Annual 1952-55

Area	Prewar	1952	1953	1954	1955 2/
			Million Pounds		
North America	2,583	1,747	1,980	2,021	1,900
South America	172	236	259	255	250
Europe 3/	4,884	4,165	4,424	4,586	4,200
Africa	117	196	202	223	240
Asia	1,775	1,620	1,625	1,625	1,625
Oceania	816	796	810	835	930
World total	10,345	8,760	9,300	9,545	9,145

1/ Including product weight of ghee where such production is common.
2/ Provisional. 3/ Including U. S. S. R.

Factory production whole milk cheese
in specified countries

Prewar, Annual 1952 - 1955

Country	Prewar	1952	1953	1954	1955 1/
Canada	120	74	82	92	83
United States	643	1,170	1,344	1,383	1,355
Argentina	68	224	242	198	160
Denmark	69	190	192	179	193
Netherlands	200	278	313	326	313
Norway	40	68	60	66	63
Sweden	76	132	120	122	117
Australia	48	100	107	107	91
New Zealand	211	226	240	246	220
Total	1,475	2,462	2,700	2,719	2,595

1/ Provisional estimate.

On the basis of 9 countries from which data are available, cheese production in 1955 was 5 percent below 1954. In Europe and Argentina the decline was due to drought. Only Denmark showed an increase in cheese manufacture and that was made at the expense of butter. In other areas milk was diverted to other uses.

Trade: In 1954 world trade in dried milk registered the only increase among dairy products. Exports of butter and canned milk were under the 1953 levels, while trade in cheese showed no change. Preliminary data for 1955 indicate that world trade in cheese during the year will show a significant decrease although exports of canned and dried milk may be sufficient to balance this decline.

Major exporters, such as the Netherlands, Denmark, and Argentina, show considerably less trade in butter, but these declines are offset by increased exports from Australia and the United States. The Soviet Union, one of the major importers of butter from non-Communist sources in 1954, showed little activity in the butter market during 1955. While there was some increased export trade by the United States because of offerings at reduced price, the United States donated considerably more dairy products for consumption abroad than it sold.

Consumption: Consumption of dairy products in primary producing countries showed an increase in 1954 and preliminary indications show the gain continuing into 1955. Increased internal consumption in exporting countries offset lowered export levels and world consumption in per capita terms continued at about the same level as in the past several years.

Prices: Prices of dairy products are generally much firmer at the beginning of this year than in January 1955. This is attributed primarily to the effects of the summer drought which cut the quantities of milk going to processing during the latter half of 1955.

POULTRY AND EGGS

A general increase in the production of eggs in the principal producing countries in postwar years has been associated with the increase in poultry numbers, which has been small, and more importantly with improved methods of production. Production of eggs in the principal egg-producing countries, excluding Eastern Europe and the USSR in 1955 was estimated to be 136 billion, 1 percent more than in the preceding year and approximately 50 precent above prewar. Only limited information is available as to the amount of poultry meat produced.

Consumption and Trade: World trade in shell eggs continues to increase. The Netherlands and Denmark are the major exporters and the Federal Republic of Germany and the United Kingdom are the major importers. The estimated number of eggs exported from the Netherlands and Denmark in 1955 was 175 million and 150 million dozen, respectively. It is impossible to estimate the world exports of eggs in 1955 but it is believed they were the greatest of any postwar year. The increase in egg production and trade in 1955 has been accompanied by a lower price level.

World trade in poultry meat is primarily conducted in Europe; the Federal Republic of Germany and the United Kingdom are the largest importers and the Netherlands and Denmark are the major suppliers. In 1955 the Netherlands and Denmark are the major suppliers. In 1955 the Netherlands and Denmark exported over 53 million and 30 million pounds, respectively.

United States exports of egg and poultry products in 1955 amounted to approximately $33 million. Approximately 50 million dozen of shell eggs and 15 million pounds of poultry meat, including game, were exported.

COFFEE

Production: Total world production of green coffee for the marketing year 1955-56 is estimated at 46.5 million bags (of 132,276 pounds each), compared with 41.3 million bags for 1954-55 and the prewar average of 41.6 million bags.

Of the total 1955-56 production, an estimated 38.3 million bags will be available for export, or almost 5.3 million bags above 1954-55. The bulk of the increase in output stemmed from Brazil, Colombia, French West Africa and Indonesia.

In Brazil the coffee trees in Parana recuperated from the effects of the 1953 frost and the quantity of coffee despatched to port in 1955-56 season should exceed the total for the previous season by 3.7 million bags. At the same time, new plantings in Sao Paulo and other producing areas completely offset the normal cycle of biannual yield fluctuation with additional output. Despatches to ports from areas other than Parana are expected to increase by 1 million bags despite an off-year for the older trees of Sao Paulo. Then export availabilities should exceed by one-third the 13.7 million bags of 1954-55.

The older coffee trees of Central America, Africa and some areas of South America experienced an off-year in the cycle of yield fluctuation during 1955-56. The normal decline for older trees was softened somewhat by better cultivation practices, including the increased use of fertilizers. The production declines in the above areas were more than offset by production increases for Colombia, the Caribbean areas, French colonies (from increased plantings) and for Asia (a good year in the biannual cycle).

Marketing: Coffee prices, which in 1955 reached a low point during the latter part of May (53 cents spot New York, for Santos 4 coffee), were stabilized and strengthened during the summer. Brazil and Colombia became the primary source of supply to consuming countries which had reduced inventories as a result of unstable conditions in the market. With low consumer inventories, the more than ample supplies of Brazil and Colombia were not a price-depressing factor in a market which had no control over supply.

When it was finally determined that an expected devaluation of the Brazilian coffee cruzeiro on August 20 would not occur, importers regained sufficient confidence in the stability of the market and increased their imports during the fall months. The price for Brazils increased and Colombian Milds sold at an inflated margin above the price for Santos 4 coffees. Weather conditions in Mexico and Central America resulted in late crops and this factor helped to maintain the price levels during the last months of 1955.

Outlook: On September 30, 1955, Brazilian coffee stocks in ports and interior warehouses totaled 12.2 million bags, excluding Government holdings of 3.2 million bags. Coffee farmers were expected to market an additional 3.2 million bags in Brazil prior to June 30, 1956. With at least 19 million bags available for export from the balance of the producing world, excluding a portion of the world crop harvested after July 1, it would appear that a world total of 34.4 million bags of exportable coffee was available for the 9 months after September 30. On the basis of world consumption of roughly 34 million bags for the current season, at least 9 million bags will remain as world carryover on June 30 excluding Government holdings in Brazil. This carryover would be roughly 4 million bags larger than a year earlier.

For the season 1956-57, world exportable surplus should once again exceed world requirements. The 1955 frost, which badly injured Parana coffee trees, will reduce the crop of that state by at least 4 million bags. This reduction of output will be offset largely by (1) further increases of out-put in Sao-Paulo and non-Brazilian producing areas where substantial numbers of new plantings will begin to bear, and (2) by increased yields from older trees resulting from the biannual cycle of yield fluctuation in the output of Central America, South America and Africa.

TEA

Production: World tea production in 1954, excluding China, the Soviet Union, and French Indochina, is estimated to be 1,425 million pounds, an increase of 9.5 percent over 1953 production. The necessary information for making a 1955 forecast of production is not yet available.

Exports: Exports from the principal producing countries have been regulated under the International Tea Agreement to which India, Ceylon, Indonesia and Pakistan are parties. Under this agreement the exports were fixed at 135 percent of the standard quota by which India was entitled to export 470 million pounds, Indonesia 234 million pounds, Pakistan 47 million pounds and Ceylon 339 million pounds.

However, a new International Tea Agreement provides there should be no curbs on the export of tea from member countries on the committee--Ceylon, India, Indonesia and Pakistan--and regulations specifying the maximum exportable quantity for each year have been removed. The Agreement which will be in force for the next 5 years contains the safeguard that, in the case of Ceylon, annual exports should be limited to 380 million pounds in the event of any crisis in the world tea market as a result of overproduction.

Consumption: The United Kingdom is the greatest market for black tea and buys about 500 million pounds annually. The barometer of Britain's tea situation is the stocks in bonded warehouses. At the end of May, 1955, stocks had increased to 153 million pounds, nearly 4 months supply, compared to 75 million pounds at the end of July 1954. With less competition for supplies, prices declined and consumption moved upward again.

The United States imports of tea in 1954 were 115 million pounds at a value of $63 million--an average of 54 cents a pound--as compared to 108 million pounds at a value of $48 million in 1953, with an average of 44 cents a pound. Thirty-five percent came from India, 35 percent from Ceylon, 13 percent from Indonesia, 5 percent from Japan and 4 percent from Formosa.

The predominance of black teas in United States tea imports continues with 96½ percent being of this variety and 3½ percent being green teas.

CACAO

Production: Total world cocoa bean production for the 1955-56 season is forecast at 1,784 million pounds (796 thousand long tons), which exceeds the preceding year by 2.2 percent. It is 13 percent above the prewar production.

Considering world producing areas, gains are expected from North America and Africa, while a decline is predicted in South American production following an abnormally large outturn in 1954-55 when Brazil had a bumper mid-crop.

In Africa, the leading cocoa bean-producing area, the expected increase will come from several of the smaller producing countries of West Africa, combined with somewhat larger gains in the French Cameroons and Nigeria. Nigeria's predicted gain for 1955-56 represents a recovery to more nearly normal production following an abnormally low year caused by adverse weather conditions at the beginning of the 1954-55 season. No increase over the revised 1954-55 estimate of production for the Gold Coast and Ivory Coast is expected in 1955-56. The forecast of South American production for 1955-56 shows a slight decline, but is still 21 percent above the 1953-54 crop. Colombia and Venezuela show small gains and Ecuador is recovering from an abnormally poor year. These failed to offset the smaller outturn in Brazil.

Marketing: In 1954, 1,512 million pounds of cocoa beans were exported by the principal producing countries. Africa contributed 67.4 percent of these exports, South America 24.2 percent, North America 7.4 percent and Asia-Oceania 1.0 percent.

Europe, the largest cocoa bean-consuming area, took 60.5 percent of world exports in 1954, which is an increase of 9.5 percent over the 1935-1939 prewar period. North America, the next largest consuming area of the world received 25.3 percent of world exports, representing a 11.9 percent decrease from the prewar period 1935-39. The United States, United Kingdom, and the Federal Republic of Germany are the principal consuming countries, taking 24.6 percent, 22.4 percent and 13.8 percent respectively, of world exports in 1954. Largely because of high prices, the imports of cocoa beans into United States have been declining since 1950, reaching 516 million pounds in 1954.

Imports from Africa have been declining since 1951. Brazil was the largest single supplier of United States cocoa beans in 1954, providing 24 percent.

Outlook: There is much evidence that a world-wide effort is under way to increase cocoa bean production. Although prices have been declining for several months and are much lower than the high levels reached in 1954, they are still attractive enough to encourage producers to expand and improve their production.

The United States, through the International Cooperation Administration (formerly the Foreign Operations Administration), is participating in cooperative cacao improvement programs with Costa Rica, Ecuador, Colombia, Brazil, Cuba, Guatemala, Haiti, Bolivia and the Republic of the Philippines. In the Caribbean, Trinidad and Tobago have a long term cacao rehabilitation program well underway and the Government of the Dominican Republic is encouraging the expansion of cacao production.

In West Africa the Governments of the major producing countries (Gold Coast, Nigeria, French Cameroons and Ivory Coast), through stepped-up research and extension programs, are striving to reduce the inroads made by diseases and pests that have established a strong foothold, and are rehabilitating old cacao areas. Elsewhere, Ceylon plans to replace uneconomic rubber areas with cacao and proposals for increasing cacao bean production in Malaya are under consideration.

It is difficult to translate this world wide effort into terms of increased production. However, moderate increases may be expected from the smaller producing countries of the Western Hemisphere and the French Cameroons in the immediate years ahead. Substantial increases may not be anticipated until the more distant future. How soon in the future, will depend to a large degree upon the progress made in the major producing areas of West Africa and in Brazil in effecting wide-spread disease and pest control measures and the application of improved cultural practices. Another important factor will be the progress made in the Gold Coast, Nigeria and Ivory Coast in overcoming the unfavorable balance that now exists between old trees in declining production and new plantings coming into production.

WOOL

Sheep Numbers: World sheep numbers continued upward in 1954 for the eighth consecutive year. The total of 833 million head was slightly above a year earlier, 14 percent above prewar and 18 percent above the 1946-50 average. Favorable returns to producers for wool, mutton and lamb have encouraged this expansion; but the major increases in sheep numbers continue to occur in the British Dominions, where sheep have a competitive advantage over other livestock enterprises.

Wool Production: World wool production in 1955 is estimated at 4,485 million pounds, greasy basis, as compared to 4,410 million pounds in 1954. Production has shown almost continuous expansion since the end of World War II to a total increase of more than 20 percent. Production of merino wool has shown a

greater proportionate increase than crossbred and carpet types because most of the increase has occurred in Australia, New Zealand, and the Union of South Africa. Due primarily to recent declines in the Argentine output, production in South America is a little below the level of 10 years ago. In the United States, following the sharp decline which began early in World War II and continued through 1950, the level of output has changed little during the past 5 years.

In other areas of the world, with a few exceptions for individual countries, the expansion in wool production has been fairly general. European production has increased from the low point following World War II and is now above the prewar level. An appreciable recovery from the prewar level of output has been reported for the Soviet Union.

Total world production may be expected to increase during the immediate future at an annual rate approximately equal to increases in world population. It is apparent, however, that the British Dominions are likely to produce even a proportionately larger share of the world's wool supply. Present indications are that the lower level of wool prices established at the beginning of the current season will not deter the expansion of wool production in the Dominions, especially in Australia and New Zealand.

Wool Consumption: Preliminary estimates indicate that world consumption in the first months of 1955 in 11 important consuming countries was about 2 percent more than in the corresponding months of 1954. With the revival of activity in the wool textile industry following the recession of 1951 consumption increased by 4 percent in 1952 and 12 percent in 1953, but declined by about 5 percent in 1954. Stocks of wool, compared to a year earlier, were only moderately larger at the beginning of the 1955-56 season, but total available supplies are adequate for a further moderate increase in consumption in 1956. The lower prices which have prevailed since the beginning of the season may be expected to stimulate consumption.

HIDES AND SKINS

World production of hides and skins in recent years has increased proportionately with the gains in livestock slaughter. The increased supplies have resulted in the development of a highly competitive world market for hides and skins.

The record level of cattle and calf slaughter in the United States and competitively priced hides has resulted in larger purchases by foreign buyers. During the past 3 years the United States has been a sizable net exporter of cattle hides and calf skins, whereas for many years it had been a net importer of these items.

Although the United States has replaced South America as the principal

supplier of cattle hides to Western Germany, the foreign demand for South American hides has been high enough to absorb practically the total current production and eliminate surplus stocks previously accumulated. Exports of South American cattle hides to Soviet Bloc countries were relatively large in 1954 and 1955.

JUTE AND HARD FIBERS

Jute: World jute production for the 1955-56 season was estimated at more than 4.7 billion pounds, nearly 40 percent greater than the short crop of the preceding year and approximately equal to the previous record output 1952.

Stocks in the producing areas, after 2 years of relatively low production, were seriously small at the end of the 1954-55 season, but the current crop should leave mills with a much healthier carry-over on June 30, 1956. Both domestic production of manufactures and exports of the principal producing areas are expected to increase in 1955-56.

Prices fluctuated little during the middle and latter part of 1955, as stocks were sufficient to carry over until the new crop. The devaluation of the Pakistani rupee has had no marked effect on world market prices, because of the controlled minimum export price in terms of sterling which continued to be effective in Pakistan, the largest jute exporting country. Also, the jute export tax was increased.

India and Pakistan together produce about 97 percent of the world supply of raw jute. Exports from India are prohibited in order to retain total domestic production for consumption in Indian mills and to reduce the quantity of raw material to be imported. India also consumes all of the approximately 400 million pounds of MESTA which is produced domestically and used as a low grade jute. India is the world's largest exporter of jute manufactured goods, and supplied close to 85 percent of the burlap imported into the United States in 1954. The Indian export tax on jute manufactures has been removed.

Pakistan exports almost all of its production as raw fiber and is the principal source of exports to other countries. About 98 percent of the United States imports of raw jute comes from this source. About one-fourth to one-third of the total exports go to India from manufacture in Indian mills, and close to 60 percent is shipped to Europe.

Some of the Pakistani jute is consumed in the United States by way of imported manufactures from European countries, including about 50 million pounds of burlap. Mills for the weaving of jute goods are being built, and manufactures from Pakistan are now increasing in the world supply.

Brazilian production of jute is reported at nearly double the 1947-51 average, and producers are hoping for an exportable surplus soon. Most of the countries with smaller production consume the entire crop locally, but the

United States imports small quantities of the fiber from a few Asian countries and other countries.

The United States is dependent upon imports for supplies of raw jute for manufacture of twine, floor coverings, and furniture upholstering, of yarn for manufacture of cotton bale covers, and of burlap for bags for agricultural and other products, as well as imports of manufactured bags and bagging. In 1954 the United States imported 56 thousand long tons of raw jute and jute butts, principally from Pakistan, and 416 million pounds of burlap, principally from India, which with other jute manufactures had a combined value of $92 million.

Hard fibers: World production of the principal hard fibers -- sisal, henequen, and abaca -- continued its upward trend in 1954, and reached an estimated 1,422 million pounds, 25 percent greater than the 1934-38 average. Early reports from the principal producing countries indicate a further increase in 1955. The current large output is chiefly the result of expanded acreages of sisal during the years of favorable prices and demand.

Sisal production in 1954 was 921 million pounds. This was 7 percent greater than in 1953. Henequen production was 250 million pounds, which was 12 percent greater than in 1953. However, abaca production of 250 million pounds was less by 11 percent.

These fibers are exported principally as raw fiber, with the single exception of Brazilian sisal. British East Africa accounted for 52 percent of the world's total supply in 1954 and Brazil ranks second with 20 percent. From negligible quantities before the war, Brazilian production is sufficient to make that country a surplus producer. Angola, Mozambique, Indonesia, and Haiti together supply 23 percent of the total sisal supply, and all of them export most of their crop.

Henequen production in Mexico amounted to 211 million pounds, 85 percent of the world total. Both fiber and cordage are exported. Cuba produces 33 million pounds, and exports mostly raw fiber.

Abaca production is centered principally in the Philippine Republic, with 221 million pounds, 88 percent of the total. Exports include some manufactures, but mostly raw fiber.

The United States depends on imports of hard fibers and their manufactures for practically all of its supply of heavier rope and cordage, baler and binder twine, and for special uses such as reinforcing of plastics and wall boards, upholstery tow, certain twines and strong, heavy paper. Other than cotton, only negligible quantities of domestic vegetable fibers are used in the industries.

Imports of these fibers in 1954 were 396 million pounds valued at $39 million. Imported manufactures, mostly baler and binder twine, amounted to about 21 million dollars.

Sisal imports of 240 million pounds valued at 21 million dollars in 1954, came principally from British East Africa, Haiti, Brazil and Mozambique. Sisal manufactures are imported principally from Canada and the Netherlands.

Mexico supplied the United States in 1954 with 69 million pounds of henequen fiber and 64 million pounds of baler and binder twine. Imports from Cuba included 15 million pounds of henequen fiber and some manufactured henequen products.

The United States with 52 million pounds, ranked second to Japan as a market for Philippine abaca in 1954. Imports of abaca cordage were 2.9 million pounds. Philippine production of abaca was a little larger during early months of 1955 after 3 years of declining production. Mosaic disease is still serious.

The average prices of these fibers landed New York reached a 10-year low in 1954. Philippine abaca, grade Davao I, averaged 18.6 cents a pound compared with 24.3 cents in 1953 and the high of 32.1 in 1951. British East African No. 1 sisal was 11.1 cents compared with 12.4 cents in 1953 and 29.7 cents in 1951. Mexican henequen grade A was 8.8 cents compared with 10.2 cents and 24.5 cents, respectively. Since early 1955 abaca prices have strengthened. Sisal rose to an average of 11.0 cents in four months (March, April, August, and September) of the first nine months of 1955. Henequen prices continued weak, and were not quoted in the New York market for some months.

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